

Calendar No. 342

103D CONGRESS
1ST SESSION

S. 783

[Report No. 103-209]

A BILL

To amend the Fair Credit Reporting Act, and for
other purposes.

DECEMBER 9, 1993

Reported with an amendment

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To amend the Fair Credit Reporting Act, and for other purposes.

IN THE SENATE OF THE UNITED STATES

APRIL 7 (legislative day, MARCH 3), 1993

Mr. BRYAN (for himself, Mr. BOND, and Mr. RIEGLE) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

DECEMBER 9, 1993

Reported under authority of the order of the Senate of November 17 (legislative day, November 2), 1993 by Mr. RIEGLE, with an amendment

[Strike out all after the enacting clause and insert the part printed in italic]

A BILL

To amend the Fair Credit Reporting Act, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) ~~SHORT TITLE.~~—This Act may be cited as the
5 “Consumer Reporting Reform Act of 1993”.

1 (b) TABLE OF CONTENTS.—The following is a table
2 of contents for this Act:

Sec. 1. Short title; table of contents.

TITLE I—AMENDMENTS TO THE FAIR CREDIT REPORTING ACT

Sec. 101. Definitions.

Sec. 102. Furnishing and using reports; use of information obtained from reports.

Sec. 103. Amendments relating to prescreening of consumer reports.

Sec. 104. Amendments relating to obsolete information and information contained in consumer reports.

Sec. 105. Amendments relating to compliance procedures.

Sec. 106. Amendments relating to consumer disclosures.

Sec. 107. Amendments relating to procedures in case of the disputed accuracy of any information in a consumer's file.

Sec. 108. Amendment relating to charges for disclosure.

Sec. 109. Amendments relating to duties of users of consumer reports.

Sec. 110. Amendments relating to civil liability.

Sec. 111. Amendments relating to responsibilities of persons who furnish information to consumer reporting agencies.

Sec. 112. State action to enforce Act.

Sec. 113. Administrative enforcement.

Sec. 114. Establishment of toll-free telephone number.

Sec. 115. Action by FTC.

Sec. 116. Effective dates.

TITLE II—CREDIT REPAIR ORGANIZATIONS

Sec. 201. Regulation of credit repair organizations.

3 **TITLE I—AMENDMENTS TO THE** 4 **FAIR CREDIT REPORTING ACT**

5 **SEC. 101. DEFINITIONS.**

6 (a) ADVERSE ACTION.—Section 603 of the Fair
7 Credit Reporting Act (15 U.S.C. 1681a) is amended by
8 adding at the end the following new subsection:

9 “(j) The term ‘adverse action’, when used in connec-
10 tion with any action based in whole or in part on any in-
11 formation contained in a consumer report, means any ac-
12 tion which is adverse or less favorable to the interest of
13 the consumer who is the report subject. Without limiting

1 the general applicability of the foregoing, the following
2 constitute adverse actions:

3 ~~“(1) CREDIT.—Any denial or revocation of~~
4 ~~credit, any increase in the charge for credit, any~~
5 ~~change in the terms of an existing credit arrange-~~
6 ~~ment, or any refusal to grant credit in substantially~~
7 ~~the amount or on substantially the terms requested.~~
8 ~~Attempts to collect debts owed or allegedly owed~~
9 ~~shall not be considered ‘adverse actions’.~~

10 ~~“(2) EMPLOYMENT.—Any denial of employment~~
11 ~~or other adverse or less favorable decision relating to~~
12 ~~employment purposes.~~

13 ~~“(3) INSURANCE.—Any denial or cancellation~~
14 ~~of, any increase in any charge for, or reduction or~~
15 ~~other adverse or unfavorable change in the terms of~~
16 ~~coverage or amount of, any insurance, existing or~~
17 ~~applied for, in connection with the underwriting of~~
18 ~~insurance.~~

19 ~~“(4) LICENSE OR BENEFIT.—Any denial or~~
20 ~~cancellation of, or any increase in any charge for, or~~
21 ~~any other adverse or unfavorable change in the~~
22 ~~terms of, any license or benefit described in section~~
23 ~~604(3)(D).~~

24 ~~“(5) CONSUMER INITIATED BUSINESS TRANS-~~
25 ~~ACTION.—Any denial or cancellation of, or any other~~

1 adverse or unfavorable change in the terms of, any
 2 business transaction which the consumer has initi-
 3 ated or sought to initiate.”.

4 (b) DEFINITION OF CONSUMER REPORT.—Section
 5 603(d) of the Fair Credit Reporting Act (15 U.S.C.
 6 1681a(d)) is amended in the second sentence—

7 (1) by inserting before the semicolon at the end
 8 of clause (A) “; or any communication of that infor-
 9 mation or information (i) from a credit application
 10 by a consumer, provided that it is clearly and con-
 11 spicuously disclosed with the application that the in-
 12 formation may be provided to such entities and the
 13 consumer consents to such disclosure, or (ii) among
 14 the person making the report, an entity related by
 15 common ownership to that person, and an entity af-
 16 filiated by corporate control with that person”;

17 (2) in clause (B), by striking “or” after the
 18 semicolon at the end; and

19 (3) by inserting before the period the following:
 20 “; (D) any communication of information about a
 21 consumer between persons who are affiliated by
 22 common ownership or common corporate control and
 23 in connection with a credit or insurance transaction
 24 which is not initiated by the consumer, if either of
 25 those persons has complied with section

1 ~~615(d)(2)(B)~~ with respect to a consumer report
2 from which the information is taken and the
3 consumer has consented to use of the report for the
4 transaction in accordance with section ~~615(d)(2)(C)~~;
5 or ~~(E)~~ any report furnished for use in connection
6 with a transaction which consists of an extension of
7 credit to be used for a commercial purpose”.

8 ~~(c) FIRM OFFER OF CREDIT.~~—Section 603 of the
9 Fair Credit Reporting Act (~~15 U.S.C. 1681a~~) is amended
10 by adding at the end the following new subsection:

11 “(k) The term ‘firm offer of credit’ means any offer
12 of credit to a consumer that will be honored if, based on
13 information in a consumer report on the consumer and
14 other information bearing on the creditworthiness of the
15 consumer, the consumer is determined to meet the criteria
16 used to select the consumer for the offer.”.

17 ~~(d) CREDIT OR INSURANCE TRANSACTION WHICH IS~~
18 ~~NOT INITIATED BY THE CONSUMER.~~—Section 603 of the
19 Fair Credit Reporting Act (~~15 U.S.C. 1681a~~) is amended
20 by adding at the end the following new subsection:

21 “(l) The term ‘credit or insurance transaction which
22 is not initiated by the consumer’ does not include the use
23 of a consumer report by a person with which the consumer
24 has an account, for purposes of—

25 “(1) reviewing the account; or

1 ~~“(2) collecting the account.”.~~

2 **SEC. 102. FURNISHING AND USING REPORTS; USE OF IN-**
 3 **FORMATION OBTAINED FROM REPORTS.**

4 (a) USE OF REPORTS FOR EMPLOYMENT AND BUSI-
 5 NESS PURPOSES.—Section 604 of the Fair Credit Report-
 6 ing Act (15 U.S.C. 1681b) is amended—

7 (1) by striking “A consumer reporting agency
 8 may furnish” and inserting “(a) IN GENERAL.—A
 9 consumer reporting agency may furnish”;

10 (2) in subsection (a)(3) (as designated by para-
 11 graph (1)), by amending subparagraph (E) to read
 12 as follows:

13 ~~“(E) otherwise has a legitimate business~~
 14 need for the information in connection with a
 15 business transaction that—

16 ~~“(i) is initiated by the consumer; or~~

17 ~~“(ii) is a direct marketing transaction~~
 18 for which the furnishing of a consumer re-
 19 port by the agency is not prohibited under
 20 subsection (e).”;

21 (3) by adding at the end the following new
 22 subsection:

23 ~~“(b) CONDITIONS FOR FURNISHING AND USING~~
 24 ~~CONSUMER REPORTS FOR EMPLOYMENT PURPOSES.—~~

1 “(1) CERTIFICATION FROM USER.—A consumer
2 reporting agency may furnish a consumer report for
3 employment purposes only—

4 “(A) if the person who obtains such report
5 from the agency certifies to the agency that—

6 “(i) the disclosure required under
7 paragraph (2) or (3), as the case may be,
8 with respect to such consumer report has
9 been made; and

10 “(ii) information from the consumer
11 report will not be used in violation of any
12 applicable Federal or State equal employ-
13 ment opportunity law or regulation; and

14 “(B) if the consumer reporting agency pro-
15 vides with the report a summary of the consum-
16 er’s rights under this title, as prescribed by the
17 Federal Trade Commission under section
18 609(c)(3).—

19 “(2) DISCLOSURES TO PROSPECTIVE AND CUR-
20 RENT EMPLOYEES.—

21 “(A) IN GENERAL.—Except as provided in
22 subparagraph (B), a person may not procure a
23 consumer report, or cause a consumer report to
24 be procured, for employment purposes with re-

1 spect to any prospective or current employee
2 unless—

3 “(i) the prospective or current em-
4 ployee has received, before the report is
5 procured, a clear and conspicuous disclo-
6 sure made in writing that consumer re-
7 ports may be used for employment pur-
8 poses; and

9 “(ii) the prospective or current em-
10 ployee has provided a general or specific
11 written authorization for the procurement
12 of the report prior to such procurement.

13 “(B) WRITTEN MATERIAL CONSTITUTING
14 NOTICE.—A written statement that consumer
15 reports may be used for employment purposes
16 which is contained in employee guidelines or
17 manuals available to employees and prospective
18 employees or included in written materials pro-
19 vided to such persons shall constitute a written
20 disclosure for purposes of subparagraph (A).

21 “(3) CONDITIONS ON USE FOR ADVERSE AC-
22 TIONS.—Before taking any adverse action based on
23 a consumer report used for employment purposes, a
24 person shall provide to the consumer to whom the
25 report relates—

1 “(A) a copy of the report;

2 “(B) a description of the consumer’s rights
3 under this title, as prescribed by the Federal
4 Trade Commission under section 609(c)(3); and

5 “(C) a reasonable opportunity to respond
6 to any information in the report that is dis-
7 puted by the consumer, except that if the per-
8 son has a reasonable belief that the consumer
9 has engaged in fraudulent or criminal activity,
10 no such opportunity to respond shall be
11 required.”.

12 (b) USE OF INFORMATION OBTAINED FROM RE-
13 PORTS.—Section 604 of the Fair Credit Reporting Act (15
14 U.S.C. 1681b) is further amended by adding at the end
15 the following new subsection:

16 “(c) CERTAIN USE OR OBTAINING OF INFORMATION
17 PROHIBITED.—A person shall not use or obtain informa-
18 tion from a consumer report for any purpose unless—

19 “(1) it is obtained for a purpose for which the
20 consumer report is authorized to be furnished under
21 subsection (a); and

22 “(2) the purpose is certified in accordance with
23 section 607 by a prospective user of the report.”.

24 (c) DISCLOSURE OF CONSUMER REPORTS BY
25 USERS.—Section 607 of the Fair Credit Reporting Act

1 (15 U.S.C. 1681e) is amended by adding at the end the
 2 following new subsection:

3 “(c) DISCLOSURE OF CONSUMER REPORTS BY
 4 USERS ALLOWED.—A consumer reporting agency may not
 5 prohibit a user of a consumer report furnished by the
 6 agency on a consumer from disclosing the contents of the
 7 report to the consumer if adverse action against the
 8 consumer has been taken or is contemplated by the user,
 9 based in whole or in part on the report.”.

10 **SEC. 103. AMENDMENTS RELATING TO PRESCREENING OF**
 11 **CONSUMER REPORTS.**

12 (a) IN GENERAL.—Section 604 of the Fair Credit
 13 Reporting Act (15 U.S.C. 1681b), as amended by section
 14 102, is further amended—

15 (1) in subsection (a), by striking “A consumer
 16 reporting agency” and inserting “Subject to sub-
 17 section (d), any consumer reporting agency”; and

18 (2) by adding at the end the following new
 19 subsection:

20 “(d) LIMITATIONS ON REPORTS RELATING TO CRED-
 21 IT OR INSURANCE TRANSACTIONS NOT INITIATED BY THE
 22 CONSUMER.—

23 “(1) IN GENERAL.—A consumer reporting
 24 agency may furnish a consumer report relating to
 25 any consumer pursuant to subsection (a)(3)(A) to

1 any person referred to in such subsection in connec-
 2 tion with any solicitation for credit or insurance that
 3 is not initiated by the consumer only if—

4 “(A) the consumer authorizes the agency
 5 to provide such report to such person; or

6 “(B)(i) the transaction consists of a firm
 7 offer of credit or insurance;

8 “(ii) the consumer reporting agency has
 9 complied with subsection (f); and

10 “(iii) the consumer has not elected in ac-
 11 cordance with subsection (f)(1) to have the con-
 12 sumer’s name and address excluded from lists
 13 provided by the agency pursuant to paragraph
 14 (1)(B).

15 “(2) LIMITS ON INFORMATION RECEIVED
 16 UNDER PARAGRAPH (1)(B).—A person may receive
 17 pursuant to paragraph (1)(B) only—

18 “(A) the name and address of a consumer;
 19 and

20 “(B) information pertaining to a consumer
 21 that is not identified or identifiable with the
 22 consumer.

23 “(3) INFORMATION REGARDING INQUIRIES.—
 24 Except as provided in section 609(a)(4), a consumer
 25 reporting agency shall not furnish to any person a

1 record of inquiries resulting from credit or insurance
 2 transactions which are not initiated by a
 3 consumer.”.

4 ~~(b) FURNISHING CONSUMER REPORTS FOR DIRECT~~
 5 ~~MARKETING TRANSACTIONS.~~—Section 604 of the Fair
 6 Credit Reporting Act (15 U.S.C. 1681b) is further amend-
 7 ed by adding at the end the following new subsections:
 8 “(e) FURNISHING CONSUMER REPORTS FOR DIRECT
 9 MARKETING TRANSACTIONS NOT INITIATED BY
 10 CONSUMER.—

11 “(1) FURNISHING REPORTS PROHIBITED.—A
 12 consumer reporting agency may not furnish a
 13 consumer report for use for a direct marketing
 14 transaction that is not initiated by the consumer to
 15 whom the report relates, if—

16 “(A) the consumer notifies the agency that
 17 the consumer does not consent to that use;

18 “(B) the report includes any information
 19 other than the name and address of the
 20 consumer; or

21 “(C) furnishing the information would dis-
 22 close the credit payment history, credit limit,
 23 credit balance, or any negative information per-
 24 taining to the consumer.

1 “(2) NOTIFICATION.—A consumer may notify a
2 consumer reporting agency for purposes of para-
3 graph (1)(A) either—

4 “(A) in writing; or

5 “(B) in the case of an agency which com-
6 piles and maintains files on consumers on a na-
7 tionwide basis, by calling the toll-free telephone
8 number established pursuant to subsection
9 (f)(3).

10 “(f) ELECTION OF CONSUMER TO BE EXCLUDED
11 FROM LISTS.—

12 “(1) IN GENERAL.—A consumer may elect to
13 have his or her name and address excluded from any
14 list provided by a consumer reporting agency pursu-
15 ant to subsection (e)(2), by—

16 “(A) notifying the agency, through the no-
17 tification system maintained by the agency
18 under paragraph (3), that the consumer does
19 not consent to any use of consumer reports re-
20 lating to the consumer in connection with any
21 credit or insurance transaction which is not ini-
22 tiated by the consumer; or

23 “(B) returning to the agency a signed
24 written notice of the election, if provided by the
25 agency in accordance with paragraph (2).

1 ~~“(2) PROVISION OF WRITTEN NOTICE TO~~
2 ~~CONSUMER.—A consumer reporting agency shall~~
3 ~~mail to a consumer a written notice for purposes of~~
4 ~~paragraph (1)(B), not later than 5 business days~~
5 ~~after being notified of the election of the consumer~~
6 ~~in accordance with paragraph (1)(A).~~

7 ~~“(3) NOTIFICATION SYSTEM.—Each consumer~~
8 ~~reporting agency which furnishes a consumer report~~
9 ~~pursuant to subsection (a)(3)(A) in connection with~~
10 ~~any credit or insurance transaction which is not ini-~~
11 ~~tiated by a consumer shall establish and maintain a~~
12 ~~notification system, including a toll-free telephone~~
13 ~~number, which permits any consumer whose~~
14 ~~consumer report is maintained by the agency to no-~~
15 ~~tify the agency, with appropriate identification, of~~
16 ~~the consumer’s election to have the consumer’s name~~
17 ~~and address excluded from any list of names and ad-~~
18 ~~dresses provided by the agency pursuant to sub-~~
19 ~~section (d)(1)(B). Establishment and maintenance of~~
20 ~~a nationwide notification system and publication by~~
21 ~~a consumer reporting agency on a nationwide basis~~
22 ~~in accordance with this paragraph shall be consid-~~
23 ~~ered to be in compliance with this paragraph by each~~
24 ~~affiliate of the agency.~~

1 ~~“(4) AGENCIES WHICH OPERATE NATION-~~
 2 ~~WIDE.—Each consumer reporting agency which com-~~
 3 ~~piles and maintains files on consumers on a nation-~~
 4 ~~wide basis shall establish and maintain a notification~~
 5 ~~system under paragraph (3) jointly with other such~~
 6 ~~consumer reporting agencies.~~

7 ~~“(5) EFFECTIVENESS OF ELECTION.—An elec-~~
 8 ~~tion of a consumer under paragraph (1)—~~

9 ~~“(A) shall be effective with respect to a~~
 10 ~~consumer reporting agency beginning on the~~
 11 ~~date on which the consumer notifies the agency~~
 12 ~~in accordance with paragraph (1)(A);~~

13 ~~“(B) shall be effective—~~

14 ~~“(i) for a period of 2 years after that~~
 15 ~~effective date; or~~

16 ~~“(ii) permanently, as may be specified~~
 17 ~~by the consumer in his or her notification~~
 18 ~~of election under paragraph (1)(B), except~~
 19 ~~that the consumer may notify the agency~~
 20 ~~at any time of a change of election in ac-~~
 21 ~~cordance with paragraph (1); and~~

22 ~~“(C) shall be effective with respect to each~~
 23 ~~affiliate of the agency.”.~~

24 ~~(c) FIRST NOTIFICATIONS BY CONSUMERS.—A~~
 25 ~~consumer may notify a consumer reporting agency~~

1 through a notification system established and maintained
 2 by the agency under section 604(f) of the Fair Credit Re-
 3 porting Act on or after the date which is 1 year after the
 4 date of enactment of this Act.

5 **SEC. 104. AMENDMENTS RELATING TO OBSOLETE INFOR-**
 6 **MATION AND INFORMATION CONTAINED IN**
 7 **CONSUMER REPORTS.**

8 (a) REPEAL OF EXEMPTION PROVISIONS.—Section
 9 605(a) of the Fair Credit Reporting Act (15 U.S.C.
 10 1681c(a)) is amended in subsection (a), by striking “(a)
 11 Except as authorized under subsection (b) of this section,
 12 no” and inserting “(a) OBSOLETE INFORMATION.—Ex-
 13 cept as otherwise specifically authorized, no”.

14 (b) ADDITIONAL INFORMATION ON BANKRUPTCY
 15 FILINGS REQUIRED.—Section 605(b) of the Fair Credit
 16 Reporting Act (15 U.S.C. 1681c(b)) is amended to read
 17 as follows:

18 “(b) INFORMATION REQUIRED TO BE DISCLOSED.—
 19 Any consumer reporting agency that furnishes a consumer
 20 report that contains information regarding any case in-
 21 volving the consumer which arises under title 11, United
 22 States Code, shall include in the report an identification
 23 of the chapter of such title 11 under which such case
 24 arises if provided by the source of the information. If any
 25 case arising or filed under title 11, United States Code,

1 is withdrawn by the consumer prior to a final judgment,
2 the consumer reporting agency shall include in the report
3 that such case or filing was withdrawn upon receipt of
4 documentation certifying such withdrawal.”.

5 (c) CLARIFICATION OF REPORTING PERIOD.—Sec-
6 tion 605 of the Fair Credit Reporting Act (15 U.S.C.
7 1681c) is further amended by adding at the end the fol-
8 lowing new subsection:

9 “(c) RUNNING OF REPORTING PERIOD.—The 7-year
10 period referred to in paragraphs (4) and (6) of subsection
11 (a) shall begin, with respect to any delinquent account
12 which is placed for collection (internally or by referral to
13 a third party, whichever is earlier), charged to profit and
14 loss, or subjected to any similar action, upon the expira-
15 tion of the 180-day period beginning on the date of the
16 commencement of the delinquency which immediately pre-
17 ceded the collection activity, charge to profit and loss, or
18 similar action.”.

19 (d) DISCLOSURE OF PERSONAL INFORMATION.—Sec-
20 tion 605 of the Fair Credit Reporting Act (15 U.S.C.
21 1681c) is further amended by adding at the end the fol-
22 lowing new subsection:

23 “(d) DISCLOSURE OF PERSONAL INFORMATION.—A
24 person who prepares any credit report which includes per-
25 sonal credit information on any consumer shall not include

1 in the report any adverse item of information on the
 2 consumer with respect to transactions which antedate the
 3 report by more than 10 years or which could not be in-
 4 cluded in any consumer report on the consumer in accord-
 5 ance with this section.”.

6 ~~(e) INDICATION OF CLOSURE OF ACCOUNT.~~—Section
 7 605 of the Fair Credit Reporting Act (15 U.S.C. 1681c)
 8 is further amended by adding at the end the following new
 9 subsection:

10 ~~“(e) INDICATION OF CLOSURE OF ACCOUNT BY~~
 11 ~~CONSUMER.~~—If a consumer reporting agency is notified
 12 pursuant to section 622(a)(4) that a credit account of a
 13 consumer was voluntarily closed by the consumer, the
 14 agency shall indicate that fact in any consumer report that
 15 includes information related to the account.”.

16 ~~(f) POSITIVE INFORMATION.~~—Section 605 of the
 17 Fair Credit Reporting Act (15 U.S.C. 1681c) is further
 18 amended by adding at the end the following new sub-
 19 section:

20 ~~“(f) ACCEPTANCE OF CERTAIN INFORMATION.~~—A
 21 consumer reporting agency shall accept from a consumer
 22 and include in the consumer’s file relevant and timely in-
 23 formation that is not in computerized form if the informa-
 24 tion—

1 “(1) would have a positive impact on a deter-
2 mination of creditworthiness of the consumer; and

3 “(2) is submitted in a form and manner that
4 complies with regulations of the Federal Trade
5 Commission.”.

6 ~~(g) CLERICAL AMENDMENTS.—~~

7 (1) SECTION HEADING.—The heading for sec-
8 tion 605 of the Fair Credit Reporting Act (15
9 U.S.C. 1681e) is amended by striking “**OBSOLETE**
10 **INFORMATION**” and inserting “**REQUIREMENTS**
11 **RELATING TO INFORMATION CONTAINED IN**
12 **CONSUMER REPORTS**”.

13 (2) TABLE OF SECTIONS.—The table of sections
14 at the beginning of the Fair Credit Reporting Act
15 (15 U.S.C. 1681a et seq.) is amended by striking
16 the item relating to section 605 and inserting the
17 following:

“605. Requirements relating to information contained in consumer re-
ports.”.

18 **SEC. 105. AMENDMENTS RELATING TO COMPLIANCE PRO-**
19 **CEDURES.**

20 (a) NOTICE TO USERS AND PROVIDERS OF INFORMA-
21 TION TO ENSURE COMPLIANCE.—

22 (1) IN GENERAL.—Section 607 of the Fair
23 Credit Reporting Act (15 U.S.C. 1681e), as amend-

1 ed by section 102, is amended by adding at the end
2 the following new subsection:

3 ~~“(d) NOTICE TO USERS AND FURNISHERS OF INFOR-~~
4 ~~MATION.—~~A consumer reporting agency shall provide a
5 notice to any person—

6 ~~“(1) who regularly and in the ordinary course~~
7 ~~of business furnishes information to the agency with~~
8 ~~respect to any consumer; or~~

9 ~~“(2) to whom a consumer report is provided by~~
10 ~~the agency;~~
11 ~~of such person’s responsibilities under this title.”.~~

12 ~~(2) CONTENT OF NOTICE.—~~The Federal Trade
13 Commission shall prescribe the content of notices
14 under section 607(d) of the Fair Credit Reporting
15 Act by not later than 1 year after the date of enact-
16 ment of this Act.

17 ~~(b) RECORD OF IDENTITY OF USERS AND PURPOSES~~
18 ~~CERTIFIED BY USERS OF REPORTS.—~~Section 607 of the
19 Fair Credit Reporting Act (15 U.S.C. 1681e) is further
20 amended by adding at the end the following new sub-
21 section:

22 ~~“(e) PROCUREMENT OF CONSUMER REPORT FOR~~
23 ~~RESALE.—~~

24 ~~“(1) DISCLOSURE.—~~A person may not procure
25 a consumer report for purposes of reselling the re-

1 port (or the information contained in the report) un-
2 less the person discloses to the consumer reporting
3 agency which originally furnished the report—

4 “(A) the identity of the ultimate end-user
5 of the report (or the information), and

6 “(B) each permissible purpose under sec-
7 tion 604 for which the report is furnished to
8 the ultimate end-user of the report (or the
9 information).

10 “(2) RESPONSIBILITIES OF PROCURERS FOR
11 RESALE.—A person who procures a consumer report
12 for purposes of reselling the report (or the informa-
13 tion contained in the report) shall—

14 “(A) establish and comply with reasonable
15 procedures designed to ensure that the report
16 (or the information) is resold by the person only
17 for a purpose for which the report may be fur-
18 nished under section 604, including by ensuring
19 that the person—

20 “(i) identifies each prospective user of
21 the resold report (or the information);

22 “(ii) certifies each purpose for which
23 the report (or the information) will be
24 used; and

1 ~~“(iii) certifies that the report (or the~~
 2 ~~information) will be used for no other pur-~~
 3 ~~pose; and~~

4 ~~“(B) before reselling the report, make rea-~~
 5 ~~sonable efforts to verify the identifications and~~
 6 ~~certifications made under subparagraph (A).”.~~

7 **SEC. 106. AMENDMENTS RELATING TO CONSUMER DISCLO-**
 8 **SURES.**

9 ~~(a) ALL INFORMATION IN CONSUMER’S FILE RE-~~
 10 ~~QUIRED TO BE DISCLOSED.—Section 609(a)(1) of the~~
 11 ~~Fair Credit Reporting Act (15 U.S.C. 1681g(a)(1)) is~~
 12 ~~amended to read as follows:~~

13 ~~“(1) All information in the consumer’s file at~~
 14 ~~the time of the request.”.~~

15 ~~(b) MORE INFORMATION CONCERNING RECIPIENTS~~
 16 ~~OF REPORTS REQUIRED.—Section 609(a)(3) of the Fair~~
 17 ~~Credit Reporting Act (15 U.S.C. 1681g(a)(3)) is amended~~
 18 ~~to read as follows:~~

19 ~~“(3)(A) Identification of each person who pro-~~
 20 ~~cured a consumer report—~~

21 ~~“(i) for employment purposes within the 2-~~
 22 ~~year period preceding the request; and~~

23 ~~“(ii) for any other purpose within the 1-~~
 24 ~~year period preceding the request.~~

1 ~~“(B) An identification of a person under sub-~~
2 ~~paragraph (A) shall include—~~

3 ~~“(i) the name of the person or, if applica-~~
4 ~~ble, the trade name (written in full) under~~
5 ~~which such person conducts business; and~~

6 ~~“(ii) upon request of the consumer, the ad-~~
7 ~~dress and telephone number of the person.”.~~

8 ~~(c) INFORMATION REGARDING INQUIRIES.—Section~~
9 ~~609(a) of the Fair Credit Reporting Act (15 U.S.C.~~
10 ~~1681g(a)) is further amended by adding at the end the~~
11 ~~following new paragraph:~~

12 ~~“(4) A record of all inquiries received by the~~
13 ~~agency in the 1-year period preceding the request~~
14 ~~that identified the consumer in connection with a~~
15 ~~credit or insurance transaction which is not initiated~~
16 ~~by the consumer.”.~~

17 ~~(d) SUMMARY OF RIGHTS REQUIRED TO BE IN-~~
18 ~~CLUDED WITH DISCLOSURE.—~~

19 ~~(1) IN GENERAL.—Section 609 of the Fair~~
20 ~~Credit Reporting Act (15 U.S.C. 1681g) is amended~~
21 ~~by adding at the end the following new subsection:~~

22 ~~“(c) SUMMARY OF RIGHTS REQUIRED TO BE IN-~~
23 ~~CLUDED WITH DISCLOSURE.—~~

24 ~~“(1) SUMMARY OF RIGHTS.—A consumer re-~~
25 ~~porting agency shall provide to a consumer, on or~~

1 with each written disclosure by the agency to the
2 consumer under this section—

3 “(A) a written summary of all rights the
4 consumer has under this title; and

5 “(B) in the case of a consumer reporting
6 agency which compiles and maintains consumer
7 reports on a nationwide basis, a toll-free tele-
8 phone number which the consumer can use to
9 communicate with the agency.

10 “(2) SPECIFIC ITEMS REQUIRED TO BE IN-
11 CLUDED.—The summary of rights required under
12 paragraph (1) shall include—

13 “(A) a brief description of this title and all
14 rights of consumers under this title;

15 “(B) an explanation of how the consumer
16 may exercise the rights of the consumer under
17 this title;

18 “(C) a list of all Federal agencies respon-
19 sible for enforcing any provision of this title
20 and the address and any appropriate telephone
21 number of each such agency, in a form that will
22 assist the consumer in selecting the appropriate
23 agency; and

24 “(D) a statement that a consumer report-
25 ing agency is not required to remove accurate

1 derogatory information from a consumer's file,
 2 unless the information is outdated under sec-
 3 tion 605 or cannot be verified.

4 “(3) FORM OF SUMMARY OF RIGHTS.—For pur-
 5 poses of this subsection and any disclosure by a
 6 consumer reporting agency required under this title
 7 with respect to consumers' rights, the Federal Trade
 8 Commission (after consultation with each Federal
 9 agency referred to in section 621(b)) shall prescribe
 10 the form and content of any disclosure of the rights
 11 of consumers required under this title.”.

12 (2) TECHNICAL AMENDMENT.—Section
 13 606(a)(1)(B) of the Fair Credit Reporting Act (15
 14 U.S.C. 1681d(a)(1)(B)) is amended by inserting
 15 “and the written summary of the rights of the
 16 consumer prepared pursuant to section 609(c)” be-
 17 fore the semicolon.

18 (c) FORM OF DISCLOSURES.—

19 (1) IN GENERAL.—Subsections (a) and (b) of
 20 section 610 of the Fair Credit Reporting Act (15
 21 U.S.C. 1681h) are amended to read as follows:

22 “(a) WRITTEN DISCLOSURE.—The disclosures re-
 23 quired to be made under section 609 shall be provided to
 24 a consumer in writing.

25 “(b) OTHER FORMS OF DISCLOSURE.—

1 “(1) IN GENERAL.—In addition to the written
2 disclosures required by subsection (a), a consumer
3 reporting agency may make the disclosures required
4 under section 609 other than in written form if—

5 “(A) the consumer authorizes the disclo-
6 sure;

7 “(B) the consumer furnishes proper identi-
8 fication to the consumer reporting agency;

9 “(C) the consumer specifies the form of
10 disclosure; and

11 “(D) such form of disclosure is available
12 from the agency.

13 “(2) FORM.—A consumer may specify pursuant
14 to paragraph (1) that disclosures under section 609
15 shall be made—

16 “(A) in person, upon the appearance of the
17 consumer at the place of business of the
18 consumer reporting agency where disclosures
19 are regularly provided, during normal business
20 hours, and on reasonable notice;

21 “(B) by telephone, if the consumer has
22 made a written request for disclosure by tele-
23 phone that includes the proper identification of
24 the consumer, as required by paragraph (1)(B);

1 “(C) by electronic means, if available from
2 the agency; or

3 “(D) by any other reasonable means that
4 is available from the agency.”.

5 (2) SIMPLIFIED DISCLOSURE.—Not later than
6 90 days after the effective date of this Act, each
7 consumer reporting agency shall develop a form on
8 which such consumer reporting agency shall make
9 the disclosures required under section 609(a) of the
10 Fair Credit Reporting Act, for the purpose of maxi-
11 mizing the comprehensibility and standardization of
12 such disclosures. The Federal Trade Commission
13 shall take appropriate action to assure that the goals
14 of comprehensibility and standardization are
15 achieved.

16 (3) CONFORMING AMENDMENTS.—

17 (A) SECTION HEADING.—Section 610 of
18 the Fair Credit Reporting Act (15 U.S.C.
19 1681h) is amended in the heading for the sec-
20 tion by inserting “**AND FORM**” after “**CONDI-**
21 **TIONS**”.

22 (B) TABLE OF SECTIONS.—The table of
23 sections at the beginning of the Fair Credit Re-
24 porting Act (15 U.S.C. 1681a et seq.) is

1 amended in the item relating to section 610 by
 2 inserting “and form” after “Conditions”.

3 **SEC. 107. AMENDMENTS RELATING TO PROCEDURES IN**
 4 **CASE OF THE DISPUTED ACCURACY OF ANY**
 5 **INFORMATION IN A CONSUMER’S FILE.**

6 (a) IN GENERAL.—Section 611(a) of the Fair Credit
 7 Reporting Act (15 U.S.C. 1681i(a)) is amended to read
 8 as follows:

9 “(a) REINVESTIGATION OF DISPUTED INFORMA-
 10 TION.—

11 “(1) IN GENERAL.—If the completeness or ac-
 12 curacy of any item of information contained in any
 13 consumer’s file at any consumer reporting agency is
 14 disputed by the consumer and the consumer notifies
 15 the agency directly of such dispute, the agency shall
 16 reinvestigate free of charge and record the current
 17 status of the disputed information before the end of
 18 the 30-day period beginning on the date the agency
 19 receives the notice of the dispute from the consumer.

20 “(2) PROMPT NOTICE OF DISPUTE TO FUR-
 21 NISHER OF INFORMATION.—Not later than 5 busi-
 22 ness days after the date on which a consumer re-
 23 porting agency receives notice of a dispute from any
 24 consumer in accordance with paragraph (1), the
 25 agency shall notify any person who provided any

1 item of information in dispute at the address and in
2 the manner established with the person.

3 ~~“(3) DETERMINATION THAT DISPUTE IS FRIVO-~~
4 ~~LOUS OR IRRELEVANT.—~~

5 ~~“(A) IN GENERAL.—~~Notwithstanding para-
6 graph (1), a consumer reporting agency may
7 terminate a reinvestigation of information dis-
8 puted by a consumer under that paragraph if
9 the agency reasonably determines that dispute
10 by the consumer is frivolous or irrelevant, in-
11 cluding by reason of a failure by a consumer to
12 provide sufficient information to investigate the
13 dispute.

14 ~~“(B) NOTICE OF DETERMINATION.—~~Not
15 later than 5 business days after making any de-
16 termination in accordance with subparagraph
17 (A) that a dispute is frivolous or irrelevant, a
18 consumer reporting agency shall mail to the
19 consumer a written notification of such deter-
20 mination (including the reasons for the deter-
21 mination), and, if authorized by the consumer
22 for that purpose, by any other means available
23 to the agency.

24 ~~“(4) CONSIDERATION OF CONSUMER INFORMA-~~
25 ~~TION.—~~In conducting any reinvestigation under

1 paragraph (1) with respect to disputed information
2 in the file of any consumer, the consumer reporting
3 agency shall review and consider all relevant infor-
4 mation submitted by the consumer in the period de-
5 scribed in paragraph (1) with respect to such dis-
6 puted information.

7 “(5) DELETION OF INACCURATE OR UNVERIFI-
8 ABLE INFORMATION.—

9 “(A) IN GENERAL.—If, in the course of
10 any reinvestigation under paragraph (1) of any
11 information disputed by a consumer, an item of
12 the information is found to be inaccurate or
13 cannot be verified, the consumer reporting
14 agency shall promptly delete that item of infor-
15 mation from the consumer’s file.

16 “(B) REQUIREMENTS RELATING TO
17 REINSERTION OF PREVIOUSLY DELETED MATE-
18 RIAL.—

19 “(i) CERTIFICATION OF ACCURACY OF
20 INFORMATION.—If any information is de-
21 leted from a consumer’s file pursuant to
22 subparagraph (A), the information may
23 not be reinserted in the file after the dele-
24 tion unless the person who furnishes the

1 information certifies that the information
2 is complete and accurate.

3 “(ii) NOTICE TO CONSUMER.—If any
4 information which has been deleted from a
5 consumer’s file pursuant to subparagraph
6 (A) is reinserted in the file in accordance
7 with clause (i), the consumer reporting
8 agency shall, not later than 5 business
9 days after such deletion, mail to the
10 consumer written notification of the
11 reinsertion, and, if authorized by the
12 consumer for that purpose, by any other
13 means available to the agency.

14 “(C) PROCEDURES TO PREVENT RE-
15 APPEARANCE.—A consumer reporting agency
16 shall maintain reasonable procedures designed
17 to prevent the reappearance in a consumer’s
18 file, and in consumer reports on the consumer,
19 of information that is deleted pursuant to this
20 paragraph (other than information that is
21 reinserted in accordance with subparagraph
22 (B)(i)).

23 “(6) NOTICE OF RESULTS OF
24 REINVESTIGATION.—

1 “(A) IN GENERAL.—A consumer reporting
2 agency shall mail to the consumer written noti-
3 fication of the results of a reinvestigation under
4 this subsection not later than 5 business days
5 after the completion of the reinvestigation, and,
6 if authorized by the consumer for that purpose,
7 by other means available to the agency.

8 “(B) CONTENTS.—As part of or in addi-
9 tion to the notice under subparagraph (A), a
10 consumer reporting agency shall provide to a
11 consumer in writing within the 5-business-day
12 period referred to in subparagraph (A)—

13 “(i) a statement that the
14 reinvestigation is completed;

15 “(ii) a consumer report that is based
16 upon the consumer’s file as that file is re-
17 vised as a result of the reinvestigation;

18 “(iii) a description or indication of
19 any changes made in the consumer report
20 as a result of those revisions to the con-
21 sumer’s file;

22 “(iv) a notice to the consumer that, if
23 requested by the consumer, a description
24 of the procedure used to determine the ac-
25 curacy and completeness of the informa-

tion shall be provided to the consumer by the agency, including the name, business address, and telephone number of any furnisher of information contacted in connection with such information;

“(v) a notification that the consumer has the right to add a statement to the consumer’s file disputing the accuracy or completeness of the information; and

“(vi) a clear and conspicuous notification of the right of the consumer to request under subsection (d) that the consumer reporting agency furnish notifications under that subsection.

“(7) DESCRIPTION OF REINVESTIGATION PROCEDURE.—A consumer reporting agency shall provide to a consumer a description referred to in paragraph (6)(B)(iv) by not later than 15 days after receiving a request from the consumer for that description.”.

(b) CONFORMING AMENDMENT.—Section 611(d) of the Fair Credit Reporting Act (15 U.S.C. 1681i(d)) is amended by striking “The consumer reporting agency shall clearly” and all that follows through the end of the subsection.

1 **SEC. 108. AMENDMENT RELATING TO CHARGES FOR DIS-**
 2 **CLOSURE.**

3 Section 612 of the Fair Credit Reporting Act (15
 4 U.S.C. 1681j) is amended to read as follows:

5 **“§ 612. Charges for disclosures and certain notices**
 6 **prohibited**

7 “(a) FREE CONSUMER REPORTS.—Each consumer
 8 reporting agency that maintains a file on a consumer shall
 9 make all disclosures pursuant to section 609 without
 10 charge to the consumer—

11 “(1) if the consumer makes a request under
 12 section 609, not later than 60 days after receipt by
 13 such consumer of a notification pursuant to section
 14 615 or of a notification from a debt collection agen-
 15 cy affiliated with that consumer reporting agency
 16 stating that the consumer’s credit rating may be or
 17 has been adversely affected; and

18 “(2) upon written request by the consumer not
 19 later than 1 year after the consumer receives a noti-
 20 fication under subsection (b)(2).

21 “(b) CHARGE FOR CERTAIN NOTICES PROHIB-
 22 ITED.—A consumer reporting agency shall not impose any
 23 charge for—

24 “(1) providing a notice required under section
 25 611(a)(6); or

1 ~~“(2) notifying a person pursuant to section~~
 2 ~~611(d) of the deletion of information which is found~~
 3 ~~to be inaccurate or which can no longer be verified,~~
 4 ~~if the consumer designates that person to the agency~~
 5 ~~before the end of the 30-day period beginning on the~~
 6 ~~date of the notification of the consumer under sec-~~
 7 ~~tion 611(a)(6).”.~~

8 **SEC. 109. AMENDMENTS RELATING TO DUTIES OF USERS**
 9 **OF CONSUMER REPORTS.**

10 ~~(a) DUTIES OF USERS TAKING ADVERSE ACTIONS.—~~
 11 ~~Section 615(a) of the Fair Credit Reporting Act (15~~
 12 ~~U.S.C. 1681m(a)) is amended to read as follows:~~

13 ~~“(a) DUTIES OF USERS TAKING ADVERSE ACTIONS~~
 14 ~~ON THE BASIS OF INFORMATION CONTAINED IN~~
 15 ~~CONSUMER REPORTS.—If any person takes any adverse~~
 16 ~~action with respect to any consumer in connection with~~
 17 ~~credit, employment purposes, insurance underwriting, any~~
 18 ~~license or benefit described in section 604(3)(D), or any~~
 19 ~~business transaction involving the consumer which is~~
 20 ~~based, in whole or in part, on any information contained~~
 21 ~~in a consumer report, the person shall—~~

22 ~~“(1) provide written notice of the adverse action~~
 23 ~~to the consumer;~~

24 ~~“(2) provide the consumer—~~

1 “(A) the name, address, and telephone
2 number of the consumer reporting agency which
3 furnished the report to the person; and

4 “(B) a statement that the consumer re-
5 porting agency did not make the decision to
6 take the adverse action;

7 “(3) provide to the consumer a written notice of
8 the consumer’s right—

9 “(A) to obtain, under section 612, a free
10 copy of a consumer report on the consumer,
11 from the consumer reporting agency referred to
12 in paragraph (2) and from any other consumer
13 reporting agency which compiles and maintains
14 files on consumers on a nationwide basis; and

15 “(B) to dispute, under section 611, with a
16 consumer reporting agency the accuracy or
17 completeness of any information in a consumer
18 report furnished by the agency; and

19 “(4) in the case of an adverse action based in
20 whole or in part on a credit score or other credit rat-
21 ing system, provide to the consumer—

22 “(A) notice that the credit scoring system
23 was used; and

24 “(B) the principal reasons for that credit
25 score, if those reasons are required to be dis-

1 closed by the person for purposes of compliance
 2 with section 701(d)(3) of the Equal Credit
 3 Opportunity Act.”.

4 (b) DUTIES OF USERS WHO MAKE CERTAIN SOLICI-
 5 TATIONS.—Section 615 of the Fair Credit Reporting Act
 6 (15 U.S.C. 1681m) is further amended by adding at the
 7 end the following new subsection:

8 “(d) DUTIES OF USERS WHO MAKE WRITTEN CRED-
 9 IT OR INSURANCE SOLICITATIONS ON THE BASIS OF IN-
 10 FORMATION CONTAINED IN CONSUMER FILES.—

11 “(1) IN GENERAL.—Any person who uses a
 12 consumer report of any consumer in connection with
 13 any credit or insurance transaction which is not ini-
 14 tiated by the consumer and which consists of a firm
 15 offer of credit or insurance shall provide on or with
 16 any written solicitation made to the consumer re-
 17 garding the transaction a clear and conspicuous
 18 statement that—

19 “(A) information contained in the consum-
 20 er’s consumer report was used in connection
 21 with the transaction;

22 “(B) the consumer received the offer of
 23 credit or insurance because the consumer satis-
 24 fied the criteria for creditworthiness under
 25 which the consumer was selected for the offer;

1 “(C) if applicable, the credit or insurance
2 may not be extended if, after the consumer re-
3 sponds to the offer, the consumer does not meet
4 the original criteria used to select the consumer
5 for the offer;

6 “(D) no new criteria for creditworthiness
7 will be imposed on the consumer other than the
8 original criteria used to select the consumer for
9 the offer;

10 “(E) the consumer has a right to prohibit
11 information contained in the consumer’s file
12 with any consumer reporting agency to be used
13 in connection with any credit or insurance
14 transaction that is not initiated by the
15 consumer; and

16 “(F) the consumer may exercise the right
17 referred to in subparagraph (E) by using the
18 joint notification system established under sec-
19 tion 604(e)(4).

20 “(2) LIMITATION ON APPLICATION.—Paragraph
21 (1) does not apply to the use of a consumer report
22 by a person if—

23 “(A) the person is affiliated by common
24 ownership or by common corporate control with
25 the person who procured the report;

1 “(B) the person who procured the report
2 clearly and conspicuously disclosed to the
3 consumer to whom the report relates, before the
4 report is provided to the person who will use
5 the report, that the report might be provided to
6 and used by other persons who are affiliated in
7 the manner described in subparagraph (A) to
8 the person who procured the report; and

9 “(C) that provision and use of the report
10 is consented to by the consumer in writing.

11 “(3) FALSE AND MISLEADING STATEMENTS.—
12 No statement accompanying a credit or insurance
13 transaction that is not initiated by the consumer
14 shall contain any false or misleading information
15 concerning any condition or criteria for the extension
16 of credit (or offer therefore) to the consumer.

17 “(4) MAINTAINING CRITERIA ON FILE.—A per-
18 son who makes an offer of credit or insurance to a
19 consumer under a credit or insurance transaction
20 described in paragraph (1) shall maintain on file the
21 criteria used to select the consumer to receive the
22 offer, until the end of the 3-year period beginning on
23 the date on which the offer is made to the
24 consumer.”.

1 ~~(e) DUTIES OF USERS FOR DIRECT MARKETING~~
 2 ~~TRANSACTIONS NOT INITIATED BY CONSUMERS.—Section~~
 3 ~~615 of the Fair Credit Reporting Act (15 U.S.C. 1681m)~~
 4 ~~is further amended by adding at the end the following new~~
 5 ~~subsection:~~

6 ~~“(e) DUTIES OF USERS FOR DIRECT MARKETING~~
 7 ~~TRANSACTIONS NOT INITIATED BY CONSUMERS.—Any~~
 8 ~~person who, in connection with a direct marketing trans-~~
 9 ~~action that is not initiated by a consumer, uses informa-~~
 10 ~~tion concerning the consumer that is provided by a~~
 11 ~~consumer reporting agency shall provide to the consumer~~
 12 ~~with each communication regarding the transaction made~~
 13 ~~to the consumer a clear and conspicuous written state-~~
 14 ~~ment—~~

15 ~~“(1) that information concerning the consumer~~
 16 ~~that was provided by a consumer reporting agency~~
 17 ~~was used in connection with the transaction;~~

18 ~~“(2) that the consumer has the right under sec-~~
 19 ~~tion 604(e) to prohibit any information concerning~~
 20 ~~the consumer from being provided by the consumer~~
 21 ~~reporting agency for use in connection with any di-~~
 22 ~~rect marketing transaction that is not initiated by~~
 23 ~~the consumer;~~

24 ~~“(3) that the consumer may exercise the right~~
 25 ~~referred to in paragraph (2) by notifying the~~

1 consumer reporting agency in writing or, in the case
 2 of a consumer reporting agency required to establish
 3 a toll-free telephone number pursuant to section
 4 604(d)(4), by calling that number; and

5 “(4) disclosing the name, address, and, in the
 6 case of a consumer reporting agency required to es-
 7 tablish a toll-free telephone number pursuant to sec-
 8 tion 604(d)(4), the toll-free telephone number at
 9 which the agency may be notified.”.

10 **SEC. 110. AMENDMENTS RELATING TO CIVIL LIABILITY.**

11 (a) ~~WILLFUL FAILURE TO COMPLY.~~—Section 616 of
 12 the Fair Credit Reporting Act (15 U.S.C. 1681n) is
 13 amended to read as follows:

14 **“SEC. 616. CIVIL LIABILITY FOR WILLFUL NONCOMPLI-**
 15 **ANCE.**

16 “(a) ~~IN GENERAL.~~—Any person who willfully fails to
 17 comply with any requirement imposed under this title with
 18 respect to any consumer is liable to that consumer in an
 19 amount prescribed under subsection (c).

20 “(b) ~~EXCEPTION.~~—A person has no liability to a
 21 consumer under this section for a violation of section
 22 622(a)(1).

23 “(c) ~~DAMAGES.~~—Liability for a willful failure to com-
 24 ply described in subsection (a) shall be in an amount equal
 25 to the sum of—

1 ~~“(1) any actual damages sustained by the~~
 2 ~~consumer as a result of the failure;~~

3 ~~“(2) an amount not less than \$300 nor greater~~
 4 ~~than \$1,000;~~

5 ~~“(3) such punitive damages as the court may~~
 6 ~~allow; and~~

7 ~~“(4) in the case of any successful action to en-~~
 8 ~~force any liability under this section—~~

9 ~~“(A) the costs of the action; and~~

10 ~~“(B) reasonable attorney’s fees, as deter-~~
 11 ~~mined by the court.”.~~

12 ~~(b) NEGLIGENCE FAILURE TO COMPLY.—Section 617~~
 13 ~~of the Fair Credit Reporting Act (15 U.S.C. 1681o) is~~
 14 ~~amended to read as follows:~~

15 ~~“SEC. 617. CIVIL LIABILITY FOR NEGLIGENCE~~
 16 ~~ANCE.~~

17 ~~“(a) IN GENERAL.—Any person who is negligent in~~
 18 ~~failing to comply with any requirement of this title with~~
 19 ~~respect to a consumer shall be liable to that consumer in~~
 20 ~~an amount prescribed in subsection (c).~~

21 ~~“(b) EXCEPTION.—A person has no liability to a~~
 22 ~~consumer under this section for a violation of section~~
 23 ~~622(a)(1).~~

1 “(c) DAMAGES.—Liability for a negligent failure to
2 comply described in subsection (a) shall be in an amount
3 equal to the sum of—

4 “(1) any actual damage sustained by a
5 consumer as a result of the failure; and

6 “(2) in the case of any successful action to en-
7 force liability under this section—

8 “(A) the costs of the action; and

9 “(B) reasonable attorney’s fees, as deter-
10 mined by the court.”.

11 **SEC. 111. AMENDMENTS RELATING TO RESPONSIBILITIES**
12 **OF PERSONS WHO FURNISH INFORMATION**
13 **TO CONSUMER REPORTING AGENCIES.**

14 (a) IN GENERAL.—The Fair Credit Reporting Act
15 (15 U.S.C. 1681 et seq.) is amended—

16 (1) by redesignating sections 622 and 623 as
17 sections 623 and 624; and

18 (2) by inserting after section 621 the following
19 new section:

20 **“SEC. 622. RESPONSIBILITIES OF FURNISHERS OF INFOR-**
21 **MATION TO CONSUMER REPORTING AGEN-**
22 **CIES.**

23 “(a) DUTY OF FURNISHERS OF INFORMATION TO
24 PROVIDE COMPLETE AND ACCURATE INFORMATION.—

1 ~~“(1) IN GENERAL.—A person shall not furnish~~
2 any information to any consumer reporting agency if
3 the person knows or should know the information is
4 incomplete or inaccurate.

5 ~~“(2) DUTY TO CORRECT AND UPDATE INFOR-~~
6 MATION.—A person who—

7 ~~“(A) in the ordinary course of business,~~
8 regularly and on a routine basis furnishes infor-
9 mation to one or more consumer reporting
10 agencies about their own transactions or experi-
11 ences with a consumer; and

12 ~~“(B) furnishes information to a consumer~~
13 reporting agency, that the person determines is
14 not complete or accurate;

15 shall promptly notify the consumer reporting agency
16 of that determination and provide to the agency any
17 corrections to that information, or any additional in-
18 formation, that is necessary to make the information
19 provided by the person to the agency complete and
20 accurate.

21 ~~“(3) DUTY TO PROVIDE NOTICE OF CONTINU-~~
22 ING DISPUTE.—If the completeness or accuracy of
23 any information furnished by any person to any
24 consumer reporting agency continues to be disputed
25 to such person, the person may not furnish the in-

1 formation to any consumer reporting agency without
2 notice that such information is disputed by the
3 consumer.

4 ~~“(4) DUTY TO PROVIDE NOTICE OF CLOSED AC-~~
5 ~~COUNTS.—~~A person who regularly furnishes infor-
6 mation to a consumer reporting agency regarding a
7 consumer who has a credit account with that person
8 shall notify the agency of the closure of that account
9 by the consumer in information regularly furnished
10 for the period in which the account is closed.

11 ~~“(5) DUTY TO PROVIDE NOTICE OF DELIN-~~
12 ~~QUENCY OF ACCOUNTS.—~~A person who furnishes in-
13 formation to a consumer reporting agency regarding
14 a delinquent account being placed for collection,
15 charged to profit or loss, or subjected to any similar
16 action shall notify the agency of the commencement
17 of the delinquency immediately preceding that ac-
18 tion, by not later than 90 days after the date of that
19 commencement.

20 ~~“(b) NOTICE TO CONSUMERS OF INFORMATION FUR-~~
21 ~~NISHED TO CONSUMER REPORTING AGENCIES.—~~

22 ~~“(1) NOTICE REQUIRED.—~~A person who in the
23 ordinary course of business regularly and on a rou-
24 tine basis furnishes information about that person’s
25 transactions or experiences with any consumer to

1 any consumer reporting agency, shall give notice of
2 that fact in writing to the consumer before first pro-
3 viding any information about the consumer to any
4 consumer reporting agency.

5 ~~“(2) CONTENTS OF NOTICE.—~~Written notice
6 provided to a consumer by a person pursuant to
7 paragraph (1) shall contain—

8 ~~“(A) a brief description of the type of in-~~
9 ~~formation that may be furnished regularly to~~
10 ~~any consumer reporting agency; and~~

11 ~~“(B) a brief description of the frequency~~
12 ~~with which or the circumstances under which~~
13 ~~information is furnished to any consumer re-~~
14 ~~porting agency.~~

15 ~~“(3) NOTICE BY CERTAIN PERSONS.—~~A person
16 who furnishes information about consumers who
17 have written checks with insufficient funds may give
18 notice for purposes of paragraph (1) by posting the
19 notice in a conspicuous manner at each location
20 where checks are accepted by the person.

21 ~~“(c) DUTIES OF FURNISHERS OF INFORMATION~~
22 ~~UPON NOTICE OF DISPUTE.—~~Upon receiving notice pur-
23 suant to section 611(a)(2) of a dispute with regard to the
24 completeness or accuracy of any information provided by

1 a person to a consumer reporting agency, the person
2 shall—

3 ~~“(1) complete an investigation with respect to~~
4 ~~the disputed information and report to the consumer~~
5 ~~reporting agency the results of that investigation be-~~
6 ~~fore the end of the 20-day period beginning on the~~
7 ~~date the agency receives notices of a dispute from~~
8 ~~the consumer in accordance with section 611(a)(1);~~
9 ~~and~~

10 ~~“(2) review relevant information submitted to~~
11 ~~the consumer reporting agency by the consumer in~~
12 ~~accordance with section 611(a)(4).~~

13 ~~“(d) LIMITATIONS.—~~

14 ~~“(1) CIVIL LIABILITY.—Sections 616 and 617~~
15 ~~shall not apply to any failure to comply with sub-~~
16 ~~section (a).~~

17 ~~“(2) ENFORCEMENT.—Subsection (a) shall be~~
18 ~~enforced exclusively under section 621 by the agen-~~
19 ~~cies identified in that section.~~

20 ~~“(3) INJUNCTIVE RELIEF.—In an action alleg-~~
21 ~~ing a violation of subsection (a)(1), the court shall~~
22 ~~have jurisdiction to enjoin the violation only where~~
23 ~~the action is brought by the Federal Trade Commis-~~
24 ~~sion or the attorney general of a State.”.~~

1 ~~(b) CLERICAL AMENDMENT.~~—The table of sections
 2 for title VI of the Consumer Credit Protection Act is
 3 amended by redesignating the item relating to sections
 4 622 and 623 as sections 623 and 624, and inserting after
 5 the item relating to section 621 the following new item:

“622. Responsibilities of furnishers of information to consumer reporting agencies.”.

6 **SEC. 112. STATE ACTION TO ENFORCE ACT.**

7 Section 621 of the Fair Credit Reporting Act (15
 8 U.S.C. 1681s) is amended by adding at the end the follow-
 9 ing new subsection:

10 ~~“(d) STATE ACTION TO ENFORCE ACT.~~—If any per-
 11 son violates any requirement imposed under this title, the
 12 chief law enforcement officer of the State in which such
 13 violation occurred (or an official or agency designated by
 14 that State) may bring an action—

15 ~~“(1) to restrain such violation;~~

16 ~~“(2) to recover amounts for which such person~~
 17 is liable under this title to each person on whose be-
 18 half the action is brought;

19 ~~“(3) to seek such remedies as are allowed under~~
 20 the law of such State; or

21 ~~“(4) to collect a civil penalty of not more than~~
 22 \$1,000 for each such violation.”.

1 **SEC. 113. ADMINISTRATIVE ENFORCEMENT.**

2 (a) ~~IN GENERAL.~~—Section 621(a) of the Fair Credit
3 Reporting Act (15 U.S.C. 1681s(a)) is amended in the
4 second sentence—

5 (1) by striking “Act and shall be subject to en-
6 forcement by the Federal Trade Commission under
7 section 5(b) thereof with respect to any consumer re-
8 porting agency or person subject to enforcement by
9 the Federal Trade Commission pursuant to this sub-
10 section, irrespective” and inserting “Act. All func-
11 tions and powers of the Federal Trade Commission
12 under the Federal Trade Commission Act shall be
13 available to the Federal Trade Commission to en-
14 force compliance with this title by any person sub-
15 ject to enforcement by the Federal Trade Commis-
16 sion pursuant to this subsection, irrespective”; and

17 (2) by inserting before the period “, including
18 the power to enforce the provisions of this title in
19 the same manner as if the violation had been a vio-
20 lation of any Federal Trade Commission trade regu-
21 lation rule”.

22 (b) ~~FEDERAL RESERVE BOARD INTERPRETIVE AU-~~
23 ~~THORITY.~~—Section 621 of the Fair Credit Reporting Act
24 (15 U.S.C. 1681s) is amended by adding at the end the
25 following new subsection:

1 “(e) INTERPRETIVE AUTHORITY.—The Board of
 2 Governors of the Federal Reserve System may issue an
 3 interpretation of any provision of this title as it may apply
 4 to any person identified in paragraph (1), (2), or (3) of
 5 subsection (b), and the holding companies and affiliates
 6 of such person, in consultation with the Federal agencies
 7 identified in paragraph (1), (2), or (3) of subsection (b).”.

8 **SEC. 114. ESTABLISHMENT OF TOLL-FREE TELEPHONE**
 9 **NUMBER.**

10 Each consumer reporting agency which compiles and
 11 maintains consumer reports on a nationwide basis shall
 12 establish (and thereafter maintain) a toll-free telephone
 13 number pursuant to section 609(c)(1)(B) of the Fair
 14 Credit Reporting Act, as amended by section 106(d), not
 15 later than 1 year after the date of enactment of this Act.

16 **SEC. 115. ACTION BY FTC.**

17 The Federal Trade Commission shall prescribe all
 18 matters required by this title (including the amendments
 19 made by this title) to be prescribed by the Federal Trade
 20 Commission not later than 270 days after the date of en-
 21 actment of this Act.

22 **SEC. 116. EFFECTIVE DATES.**

23 (a) IN GENERAL.—Except as provided in subsection
 24 (b), the amendments made by this title shall become effec-
 25 tive 1 year after the date of enactment of this Act.

1 (b) EXCEPTIONS.—Notwithstanding the provisions of
 2 subsection (a), the Federal Trade Commission may pre-
 3 scribe regulations, as required by this title and the amend-
 4 ments made by this title.

5 **TITLE II—CREDIT REPAIR**
 6 **ORGANIZATIONS**

7 ~~SEC. 201. REGULATION OF CREDIT REPAIR ORGANIZA-~~
 8 **TIONS.**

9 Title IV of the Consumer Credit Protection Act is
 10 amended to read as follows:

11 **“TITLE IV—CREDIT REPAIR**
 12 **ORGANIZATIONS**

“Sec.

“401. Short title.

“402. Findings and purposes.

“403. Definitions.

“404. Prohibited practices by credit repair organizations.

“405. Disclosures.

“406. Credit repair organizations contracts.

“407. Right to cancel contract.

“408. Noncompliance with this title.

“409. Civil liability.

“410. Administrative enforcement.

13 ~~“SEC. 401. SHORT TITLE.~~

14 “‘This title may be cited as the ‘Credit Repair Organi-
 15 zations Act’.

16 ~~“SEC. 402. FINDINGS AND PURPOSES.~~

17 “(a) FINDINGS.—The Congress finds—

18 “(1) consumers have a vital interest in estab-
 19 lishing and maintaining their creditworthiness and
 20 credit standing in order to obtain and use credit. As

1 a result, consumers who have experienced credit
 2 problems may seek assistance from credit repair or-
 3 ganizations which offer to improve the credit stand-
 4 ing of such consumers; and

5 “(2) certain advertising and business practices
 6 of some companies engaged in the business of credit
 7 repair services have worked a financial hardship
 8 upon consumers, particularly those of limited eco-
 9 nomic means and who are inexperienced in credit
 10 matters.

11 “(b) PURPOSES.—The purposes of this title are—

12 “(1) to ensure that prospective buyers of the
 13 services of credit repair organizations are provided
 14 with the information necessary to make an informed
 15 decision regarding the purchase of such services; and

16 “(2) to protect the public from unfair or decep-
 17 tive advertising and business practices by credit re-
 18 pair organizations.

19 **“SEC. 403. DEFINITIONS.**

20 “For purposes of this title:

21 “(1) CONSUMER.—The term ‘consumer’ means
 22 an individual.

23 “(2) CONSUMER CREDIT TRANSACTION.—The
 24 term ‘consumer credit transaction’ means any trans-
 25 action in which credit is offered or extended to an

1 individual for personal, family, or household pur-
2 poses.

3 “(3) CREDIT REPAIR ORGANIZATION.—The
4 term ‘credit repair organization’—

5 “(A) means any person who uses any in-
6 strumentality of interstate commerce or the
7 mails to sell, provide, or perform (or represent
8 that such person can or will sell, provide, or
9 perform) any service, in return for the payment
10 of money or other valuable consideration, for
11 the express or implied purpose of—

12 “(i) improving any consumer’s credit
13 record, credit history, or credit rating;

14 “(ii) removing adverse credit informa-
15 tion that is accurate and not obsolete from
16 the consumer’s record, history, or rating;

17 “(iii) altering the consumer’s identi-
18 fication to prevent the display of the con-
19 sumer’s credit record, history, or rating for
20 the purpose of concealing adverse credit in-
21 formation that is accurate and not obso-
22 lete; or

23 “(iv) providing advice or assistance to
24 any consumer with regard to any activity

1 or service described in clause (i), (ii), or
 2 (iii); and

3 ~~“(B) does not include—~~

4 ~~“(i) any nonprofit organization which~~
 5 ~~is exempt from taxation under section~~
 6 ~~501(c)(3) of the Internal Revenue Code of~~
 7 ~~1986; or~~

8 ~~“(ii) any attorney at law who is a~~
 9 ~~member of the bar of the highest court of~~
 10 ~~any State or otherwise licensed under the~~
 11 ~~laws of any State, with respect to services~~
 12 ~~rendered that are within the scope of regu-~~
 13 ~~lations applicable to members of such bar~~
 14 ~~or such licensees.~~

15 ~~“(4) CREDIT.—The term ‘credit’ has the same~~
 16 ~~meaning as in section 103(e).~~

17 **~~“SEC. 404. PROHIBITED PRACTICES BY CREDIT REPAIR~~**
 18 **~~ORGANIZATIONS.~~**

19 ~~“No credit repair organization, and no officer, em-~~
 20 ~~ployee, agent, or other person participating in the conduct~~
 21 ~~of the affairs of any credit repair organization, may—~~

22 ~~“(1) charge or receive any money or other valu-~~
 23 ~~able consideration for the performance of any service~~
 24 ~~that the credit repair organization has agreed to~~

1 perform for any consumer before such service is fully
2 performed;

3 “(2) make any statement, or counsel or advise
4 any consumer to make any statement, which is un-
5 true or misleading (or which, upon the exercise of
6 reasonable care, should be known by the credit re-
7 pair organization, officer, employee, agent, or other
8 person to be untrue or misleading) with respect to
9 any consumer’s creditworthiness, credit standing, or
10 credit capacity to—

11 “(A) any consumer reporting agency (as
12 defined in section 603(f)); or

13 “(B) any person—

14 “(i) who has extended credit to the
15 consumer; or

16 “(ii) to whom the consumer has ap-
17 plied or is applying for an extension of
18 credit;

19 “(3) make any statement, or counsel or advise
20 any consumer to make any statement, the intended
21 effect of which is to alter the consumer’s identifica-
22 tion to prevent the display of the consumer’s credit
23 record, history, or rating for the purpose of conceal-
24 ing adverse credit information that is accurate and
25 not obsolete to—

1 ~~“(A) any consumer reporting agency; or~~

2 ~~“(B) any person—~~

3 ~~“(i) who has extended credit to the~~
4 ~~consumer; or~~

5 ~~“(ii) to whom the consumer has ap-~~
6 ~~plied or is applying for an extension of~~
7 ~~credit;~~

8 ~~“(4) make or use any untrue or misleading rep-~~
9 ~~resentation of the services of the credit repair orga-~~
10 ~~nization; or~~

11 ~~“(5) engage, directly or indirectly, in any act,~~
12 ~~practice, or course of business that constitutes or re-~~
13 ~~sults in the commission of, or an attempt to commit,~~
14 ~~a fraud or deception on any person in connection~~
15 ~~with the offer or sale of the services of the credit re-~~
16 ~~pair organization.~~

17 ~~“SEC. 405. DISCLOSURES.~~

18 ~~“(a) DISCLOSURE REQUIRED.—Before any contract~~
19 ~~or agreement between a consumer and a credit repair~~
20 ~~organization is executed, the credit repair organization~~
21 ~~shall provide the consumer with the following written~~
22 ~~statement:~~

1 **“‘Consumer Credit File Rights**
2 **Under State and Federal Law**

3 “‘You have a right to dispute inaccurate information
4 in your credit report by contacting the credit bureau di-
5 rectly. However, neither you nor any “credit repair” com-
6 pany or credit repair organization has the right to have
7 accurate, current, and verifiable information removed
8 from your credit report. The credit bureau must remove
9 accurate, negative information from your report only if it
10 is over 7 years old. Bankruptcy information can be re-
11 ported for 10 years.

12 “‘You have a right to obtain a copy of your credit
13 report from a credit bureau. You may be charged a rea-
14 sonable fee. There is no fee, however, if you have been
15 turned down for credit, employment, insurance, or a rental
16 dwelling because of information in your credit report with-
17 in the preceding 60 days. The credit bureau must provide
18 someone to help you interpret the information in your
19 credit file. A credit report is available annually at no
20 charge.

21 “‘You have a right to sue a credit repair company
22 that violates the Credit Repair Organization Act. This law
23 prohibits deceptive practices by credit repair companies.

1 “‘You have the right to cancel your contract with any
2 credit repair organization for any reason within 3 business
3 days from the date you signed it.

4 “‘Credit bureaus are required to follow reasonable
5 procedures to ensure that creditors report information ac-
6 curately. However, mistakes may occur.

7 “‘You may, on your own, notify a credit bureau in
8 writing that you dispute the accuracy of information in
9 your credit file. The credit bureau must then reinvestigate
10 and modify or remove inaccurate information. The credit
11 bureau may not charge any fee for this service. Any perti-
12 nent information and copies of all documents you have
13 concerning an error should be given to the credit bureau.

14 “‘If reinvestigation does not resolve the dispute to
15 your satisfaction, you may send a brief statement to the
16 credit bureau, to be kept in your file, explaining why you
17 think the record is inaccurate. The credit bureau must in-
18 clude your statement about disputed information with any
19 report it issues about you.

20 “‘The Federal Trade Commission regulates credit
21 bureaus and credit repair organizations. For more infor-
22 mation contact:

1 “‘Public Reference Branch
 2 Federal Trade Commission
 3 Washington, D.C. 20580.’”

4 “(b) SEPARATE STATEMENT REQUIREMENT.—The
 5 written statement required under this section shall be pro-
 6 vided as a document which is separate from any written
 7 contract or other agreement between the credit repair or-
 8 ganization and the consumer or any other written material
 9 provided to the consumer.

10 “(c) RETENTION OF COMPLIANCE RECORDS.—

11 “(1) IN GENERAL.—The credit repair organiza-
 12 tion shall maintain a copy of the statement signed
 13 by the consumer acknowledging receipt of the state-
 14 ment.

15 “(2) MAINTENANCE FOR 2 YEARS.—The copy
 16 of any consumer’s statement shall be maintained in
 17 the organization’s files for 2 years after the date on
 18 which the statement is provided to the consumer.

19 **“SEC. 406. CREDIT REPAIR ORGANIZATIONS CONTRACTS.**

20 “(a) WRITTEN CONTRACTS REQUIRED.—A credit re-
 21 pair organization may not provide services for any
 22 consumer unless a written and dated contract (for the pur-
 23 chase of such services) which meets the requirements of
 24 subsection (b) has been signed by the consumer.

1 ~~“(b) TERMS AND CONDITIONS OF CONTRACT.—No~~
 2 contract referred to in subsection (a) meets the require-
 3 ments of this subsection unless such contract includes the
 4 following information (in writing):

5 ~~“(1) The terms and conditions of payment, in-~~
 6 ~~cluding the total amount of all payments to be made~~
 7 ~~by the consumer to the credit repair organization or~~
 8 ~~to any other person.~~

9 ~~“(2) A full and detailed description of the serv-~~
 10 ~~ices to be performed by the credit repair organiza-~~
 11 ~~tion for the consumer, including—~~

12 ~~“(A) all guarantees and all promises of full~~
 13 ~~or partial refunds; and~~

14 ~~“(B) an estimate of—~~

15 ~~“(i) the date by which the perform-~~
 16 ~~ance of the services (to be performed by~~
 17 ~~the credit repair organization or any other~~
 18 ~~person) will be complete; or~~

19 ~~“(ii) the length of the period nec-~~
 20 ~~essary to perform such services.~~

21 ~~“(3) The credit repair organization’s name and~~
 22 ~~principal business address.~~

23 ~~“(4) A conspicuous statement in boldface type,~~
 24 ~~in immediate proximity to the space reserved for the~~
 25 ~~consumer’s signature on the contract, which reads as~~

1 follows: 'You may cancel this contract without pen-
2 alty or obligation at any time before midnight of the
3 third business day after the date on which you
4 signed the contract. See the attached notice of can-
5 cellation form for an explanation of this right.'

6 **"SEC. 407. RIGHT TO CANCEL CONTRACT.**

7 "(a) IN GENERAL.—Any consumer may cancel any
8 contract with any credit repair organization without pen-
9 alty or obligation by notifying the credit repair organiza-
10 tion of the consumer's intention to do so at any time be-
11 fore midnight of the third business day which begins on
12 the date on which the contract or agreement between the
13 consumer and the credit repair organization is executed
14 or would, but for this subsection, become enforceable
15 against the parties.

16 "(b) CANCELLATION FORM AND OTHER INFORMA-
17 TION.—Each contract shall be accompanied by a form, in
18 duplicate, which has the heading 'Notice of Cancellation'
19 and contains in boldface type the following statement:

20 " 'You may cancel this contract, without any
21 penalty or obligation, at any time before midnight of
22 the third business day which begins after the date
23 the contract is signed by you.

24 " 'If you cancel, any payment you made under
25 this contract will be returned before the end of the

1 10-day period beginning on the date the seller re-
 2 ceives your cancellation notice.

3 “To cancel this contract, mail or deliver a
 4 signed, dated copy of this cancellation notice, or any
 5 other written notice to [insert name of credit repair
 6 organization] at [insert address of credit repair or-
 7 ganization] before midnight on [insert date].

8 “I hereby cancel this transaction.

9 “_____(purchaser’s signature)

10 “_____(date).’

11 “(c) CONSUMER COPY OF CONTRACT REQUIRED.—

12 Any consumer who enters into any contract with any cred-
 13 it repair organization shall be given, by the organization—

14 “(1) a copy of the completed contract and the
 15 disclosure statement required under section 405; and

16 “(2) a copy of any other document the credit
 17 repair organization requires the consumer to sign,
 18 at the time the contract or the other document is signed.

19 **“SEC. 408. NONCOMPLIANCE WITH THIS TITLE.**

20 “(a) CONSUMER WAIVERS INVALID.—Any waiver by
 21 any consumer of any protection provided by or any right
 22 of the consumer under this title—

23 “(1) shall be treated as void; and

24 “(2) may not be enforced by any Federal or
 25 State court or any other person.

1 “(b) ATTEMPT TO OBTAIN WAIVER.—Any attempt
 2 by any credit repair organization to obtain a waiver from
 3 any consumer of any protection provided by or any right
 4 of the consumer under this title shall be treated as a viola-
 5 tion of this title.

6 “(c) CONTRACTS NOT IN COMPLIANCE.—Any con-
 7 tract for services which does not comply with the applica-
 8 ble provisions of this title—

9 “(1) shall be treated as void; and

10 “(2) may not be enforced by any Federal or
 11 State court or any other person.

12 **“SEC. 409. CIVIL LIABILITY.**

13 “(a) LIABILITY ESTABLISHED.—Any credit repair
 14 organization which fails to comply with any provision of
 15 this title with respect to any person shall be liable to such
 16 person in an amount equal to the sum of the amounts
 17 determined under each of the following paragraphs:

18 “(1) ACTUAL DAMAGES.—The greater of—

19 “(A) the amount of any actual damage
 20 sustained by such person as a result of such
 21 failure; or

22 “(B) any amount paid by the person to the
 23 credit repair organization.

24 “(2) PUNITIVE DAMAGES.—

1 “(A) ~~INDIVIDUAL ACTIONS.~~—In the case of
2 any action by an individual, such additional
3 amount as the court may allow.

4 “(B) ~~CLASS ACTIONS.~~—In the case of a
5 class action, the sum of—

6 “(i) the aggregate of the amount
7 which the court may allow for each named
8 plaintiff; and

9 “(ii) the aggregate of the amount
10 which the court may allow for each other
11 class member, without regard to any mini-
12 mum individual recovery.

13 “(3) ~~ATTORNEYS’ FEES.~~—In the case of any
14 successful action to enforce any liability under para-
15 graph (1) or (2), the costs of the action, together
16 with reasonable attorneys’ fees.

17 “(b) ~~FACTORS TO BE CONSIDERED IN AWARDING~~
18 ~~PUNITIVE DAMAGES.~~—In determining the amount of any
19 liability of any credit repair organization under subsection
20 (a)(2), the court shall consider, among other relevant fac-
21 tors—

22 “(1) the frequency and persistence of non-
23 compliance by the credit repair organization;

24 “(2) the nature of the noncompliance;

1 ~~“(3) the extent to which such noncompliance~~
2 ~~was intentional; and~~

3 ~~“(4) in the case of any class action, the number~~
4 ~~of consumers adversely affected.~~

5 ~~“(c) JURISDICTION.—Any action under this section~~
6 ~~may be brought in any United States district court, or~~
7 ~~in any other court of competent jurisdiction, before the~~
8 ~~later of—~~

9 ~~“(1) the end of the 2-year period beginning on~~
10 ~~the date of the occurrence of the violation involved;~~
11 ~~or~~

12 ~~“(2) in any case in which any credit repair or-~~
13 ~~ganization has materially and willfully misrepre-~~
14 ~~sented any information which—~~

15 ~~“(A) the credit repair organization is re-~~
16 ~~quired, by any provision of this title, to disclose~~
17 ~~to any consumer; and~~

18 ~~“(B) is material to the establishment of~~
19 ~~the credit repair organization’s liability to the~~
20 ~~consumer under this section,~~
21 ~~the end of the 2-year period beginning on the date~~
22 ~~of the discovery by the consumer of the misrepresen-~~
23 ~~tation.~~

1 **~~“SEC. 410. ADMINISTRATIVE ENFORCEMENT.~~**

2 ~~“(a) IN GENERAL.—~~Compliance with the require-
 3 ments imposed under this title with respect to credit repair
 4 organizations shall be enforced under the Federal Trade
 5 Commission Act by the Federal Trade Commission.

6 ~~“(b) VIOLATIONS OF THIS TITLE TREATED AS VIO-~~
 7 ~~LATIONS OF FEDERAL TRADE COMMISSION ACT.—~~

8 ~~“(1) IN GENERAL.—~~For the purpose of the ex-
 9 ercise by the Federal Trade Commission of the Fed-
 10 eral Trade Commission’s functions and powers
 11 under the Federal Trade Commission Act, any viola-
 12 tion of any requirement or prohibition imposed
 13 under this title with respect to credit repair organi-
 14 zations shall constitute an unfair or deceptive act or
 15 practice in commerce in violation of section 5(a) of
 16 the Federal Trade Commission Act.

17 ~~“(2) ENFORCEMENT AUTHORITY UNDER OTHER~~
 18 ~~LAW.—~~All functions and powers of the Federal
 19 Trade Commission under the Federal Trade Com-
 20 mission Act shall be available to the Federal Trade
 21 Commission to enforce compliance with this title by
 22 any person subject to enforcement by the Federal
 23 Trade Commission pursuant to this subsection, in-
 24 cluding the power to enforce the provisions of this
 25 title in the same manner as if the violation had been
 26 a violation of any Federal Trade Commission trade

1 regulation rule, without regard to whether the credit
2 repair organization—

3 “(A) is engaged in commerce; or

4 “(B) meets any other jurisdictional tests in
5 the Federal Trade Commission Act.

6 “(c) STATE ENFORCEMENT OF TITLE.—

7 “(1) IN GENERAL.—The attorney general of
8 any State, or an official or agency designated under
9 the law of any State, may enforce the provisions of
10 this title in Federal or State court.

11 “(2) CIVIL ENFORCEMENT ACTIONS.—Any
12 State may bring a civil action in any Federal or
13 State court to enjoin any violation of this title and
14 to recover damages under this title for consumers
15 who reside in such State.”.

16 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

17 (a) *SHORT TITLE.*—This Act may be cited as the
18 “Consumer Reporting Reform Act of 1994”.

19 (b) *TABLE OF CONTENTS.*—The following is a table of
20 contents for this Act:

Sec. 1. Short title; table of contents.

TITLE I—AMENDMENTS TO THE FAIR CREDIT REPORTING ACT

Sec. 101. Definitions.

Sec. 102. Furnishing and using reports; use of information obtained from reports.

Sec. 103. Amendments relating to prescreening of consumer reports.

*Sec. 104. Amendments relating to obsolete information and information contained
in consumer reports.*

Sec. 105. Amendments relating to compliance procedures.

Sec. 106. Amendments relating to consumer disclosures.

- Sec. 107. Amendments relating to procedures in case of the disputed accuracy of any information in a consumer's file.*
- Sec. 108. Amendment relating to charges for disclosure.*
- Sec. 109. Amendments relating to duties of users of consumer reports.*
- Sec. 110. Amendments relating to civil liability.*
- Sec. 111. Amendments relating to responsibilities of persons who furnish information to consumer reporting agencies.*
- Sec. 112. State action to enforce Act.*
- Sec. 113. Administrative enforcement.*
- Sec. 114. Establishment of toll-free telephone number.*
- Sec. 115. Action by FTC.*
- Sec. 116. Relation to State laws.*
- Sec. 117. Fair debt collection practices.*
- Sec. 118. Effective dates.*

TITLE II—CREDIT REPAIR ORGANIZATIONS

- Sec. 201. Regulation of credit repair organizations.*

1 *TITLE I—AMENDMENTS TO THE* **2 *FAIR CREDIT REPORTING ACT***

3 *SEC. 101. DEFINITIONS.*

- 4** *(a) ADVERSE ACTION.—Section 603 of the Fair Credit*
5 *Reporting Act (15 U.S.C. 1681a) is amended by adding at*
6 *the end the following new subsection:*

- 7** *“(k) The term ‘adverse action’, when used in connec-*
8 *tion with an action based in whole or in part on informa-*
9 *tion contained in a consumer report, means an action that*
10 *is adverse or less favorable to the interest of the consumer*
11 *who is the subject of the report. Without limiting the general*
12 *applicability of the foregoing, the following constitute ad-*
13 *verse actions:*

- 14** *“(1) CREDIT.—*

- 15** *“(A) ACTIONS INCLUDED.—A denial or rev-*
16 *ocation of credit, an increase in the charge for*
17 *credit, an adverse change in the terms of an ex-*

1 *isting credit arrangement, or a refusal to grant*
2 *credit in substantially the amount or on substan-*
3 *tially the terms requested.*

4 “(B) *ACTIONS NOT INCLUDED.—For the*
5 *purposes of this paragraph, the term ‘adverse ac-*
6 *tion’ does not include—*

7 “(i) *an attempt to collect a debt owed*
8 *or allegedly owed;*

9 “(ii) *an action taken with respect to a*
10 *credit or insurance transaction that is not*
11 *initiated by the consumer if—*

12 “(I) *no change is made with re-*
13 *spect to the interests of the consumer;*
14 *or*

15 “(II) *a change is made that is not*
16 *unfavorable to the interests of the*
17 *consumer; and*

18 “(iii) *an action taken with respect to*
19 *the review of an account under section*
20 *604(a)(3)(A), if—*

21 “(I) *no change is made with re-*
22 *spect to the interests of the consumer;*
23 *or*

1 “(II) a change is made that is not
2 unfavorable to the interests of the
3 consumer.

4 “(2) *EMPLOYMENT*.—A denial of employment or
5 other adverse or less favorable decision relating to em-
6 ployment.

7 “(3) *INSURANCE*.—A denial or cancellation of,
8 an increase in any charge for, or reduction or other
9 adverse or unfavorable change in the terms of coverage
10 or amount of, any insurance, existing or applied for,
11 in connection with the underwriting of insurance.

12 “(4) *LICENSE OR BENEFIT*.—A denial or can-
13 cellation of, or an increase in any charge for, or any
14 other adverse or unfavorable change in the terms of,
15 any license or benefit described in section
16 604(a)(3)(D).

17 “(5) *CONSUMER INITIATED BUSINESS TRANS-*
18 *ACTION*.—A denial or cancellation of, or any other
19 adverse or unfavorable change in the terms of, any
20 business transaction that the consumer has initiated
21 or sought to initiate.”.

22 (b) *DEFINITION OF CONSUMER REPORT*.—Section
23 603(d) of the Fair Credit Reporting Act (15 U.S.C.
24 1681a(d)) is amended in the second sentence—

1 (1) by inserting before the semicolon at the end
2 of subparagraph (A) “, or any communication of that
3 information or information (i) from a credit applica-
4 tion by a consumer, provided that it is clearly and
5 conspicuously disclosed to the consumer with the ap-
6 plication that the information may be provided to
7 such entities and the consumer does not prohibit such
8 disclosure (in writing, using a signature line that is
9 separate and distinct from that used for the consum-
10 er’s consent to the extension of credit); or (ii) among
11 the person making the report, an entity related by
12 common ownership to that person, and an entity af-
13 filiated by corporate control with that person”;

14 (2) in subparagraph (B), by striking “or” after
15 the semicolon at the end; and

16 (3) in subparagraph (C), by striking the period
17 at the end and inserting the following: “; or (D) any
18 communication of information about a consumer be-
19 tween persons who are affiliated by common owner-
20 ship or common corporate control and in connection
21 with a credit or insurance transaction that is not ini-
22 tiated by the consumer, if either person has complied
23 with section 615(d)(2)(B) with respect to a consumer
24 report from which the information is taken and the
25 consumer has consented to use of the report for the

1 *transaction in accordance with section*
2 *615(d)(2)(C).”.*

3 *(c) FIRM OFFER.—Section 603 of the Fair Credit Re-*
4 *porting Act (15 U.S.C. 1681a), as amended by subsection*
5 *(a), is amended by adding at the end the following new*
6 *subsection:*

7 *“(l) The term ‘firm offer’ means an offer of credit or*
8 *insurance to a consumer that will be honored by the offeror*
9 *if—*

10 *“(1) based on information in the consumer re-*
11 *port on the consumer or other information bearing on*
12 *the creditworthiness of the consumer, the consumer is*
13 *determined to meet the criteria used to select consum-*
14 *ers for the offer; and*

15 *“(2) the information provided by the consumer*
16 *in the application in response to the offer—*

17 *“(A) is not determined to be incorrect or in-*
18 *adequate; and*

19 *“(B) meets the criteria established by the*
20 *offeror in advance of the offer for such extension*
21 *of credit or insurance.”.*

22 *(d) CREDIT OR INSURANCE TRANSACTION THAT IS*
23 *NOT INITIATED BY THE CONSUMER.—Section 603 of the*
24 *Fair Credit Reporting Act (15 U.S.C. 1681a), as amended*

1 *by subsection (c), is amended by adding at the end the fol-*
 2 *lowing new subsection:*

3 “(m) The term ‘credit or insurance transaction that
 4 is not initiated by the consumer’ does not include the use
 5 of a consumer report by a person with whom the consumer
 6 has an account, for purposes of—

7 “(1) reviewing the account; or

8 “(2) collecting the account.”.

9 **SEC. 102. FURNISHING AND USING REPORTS; USE OF IN-**
 10 **FORMATION OBTAINED FROM REPORTS.**

11 (a) *USE OF REPORTS FOR EMPLOYMENT AND BUSI-*
 12 *NESS PURPOSES.*—Section 604 of the Fair Credit Report-
 13 *ing Act (15 U.S.C. 1681b) is amended—*

14 (1) *by striking “A consumer reporting agency*
 15 *may furnish” and inserting the following:*

16 “(a) *IN GENERAL.*—A consumer reporting agency may
 17 *furnish”;*

18 (2) *in subsection (a)(3)(A) (as designated by*
 19 *paragraph (1)), by striking “and involving the” and*
 20 *all that follows through the semicolon and inserting*
 21 *“or involving the extension of credit to, or review or*
 22 *collection of a credit or other account of, the*
 23 *consumer;”;*

1 (3) in subsection (a)(3) (as designated by para-
 2 graph (1)), by striking subparagraph (E) and insert-
 3 ing the following:

4 “(E) otherwise has a legitimate business
 5 need for the information in connection with a
 6 business transaction that—

7 “(i) is initiated by the consumer; or

8 “(ii) is a direct marketing transaction
 9 for which the furnishing of a consumer re-
 10 port by the agency is not prohibited under
 11 subsection (e).”; and

12 (4) by adding at the end the following new sub-
 13 section:

14 “(b) CONDITIONS FOR FURNISHING AND USING
 15 CONSUMER REPORTS FOR EMPLOYMENT PURPOSES.—

16 “(1) CERTIFICATION FROM USER.—A consumer
 17 reporting agency may furnish a consumer report for
 18 employment purposes only—

19 “(A) if the person who obtains such report
 20 from the agency certifies to the agency that—

21 “(i) the disclosure required under
 22 paragraph (2) has been made and, if nec-
 23 essary, the disclosure required under para-
 24 graph (3), shall be made; and

1 “(ii) information from the consumer
2 report will not be used in violation of any
3 applicable Federal or State equal employ-
4 ment opportunity law or regulation; and

5 “(B) if the consumer reporting agency pro-
6 vides with the report a summary of the consum-
7 er’s rights under this title, as prescribed in ac-
8 cordance with section 609(c)(3).

9 “(2) DISCLOSURES TO PROSPECTIVE AND CUR-
10 RENT EMPLOYEES.—

11 “(A) IN GENERAL.—Except as provided in
12 subparagraph (B), a person may not procure a
13 consumer report, or cause a consumer report to
14 be procured, for employment purposes with re-
15 spect to a prospective or current employee un-
16 less—

17 “(i) the prospective or current em-
18 ployee has received, before the report is pro-
19 cured, a clear and conspicuous disclosure
20 made in writing that consumer reports may
21 be used for employment purposes; and

22 “(ii) the prospective or current em-
23 ployee has provided a general or specific
24 written authorization for the procurement of
25 the report prior to such procurement.

1 “(B) *WRITTEN MATERIAL CONSTITUTING*
 2 *NOTICE.*—A written statement that consumer re-
 3 ports may be used for employment purposes
 4 which is contained in employee guidelines or
 5 manuals available to employees and prospective
 6 employees or included in written materials pro-
 7 vided to employees or prospective employees shall
 8 constitute a written disclosure for purposes of
 9 subparagraph (A).

10 “(3) *CONDITIONS ON USE FOR ADVERSE AC-*
 11 *TIONS.*—Before taking an adverse action based on a
 12 consumer report used for employment purposes, a per-
 13 son shall provide to the consumer to whom the report
 14 relates—

15 “(A) a copy of the report;

16 “(B) a description of the consumer’s rights
 17 under this title, as prescribed in accordance with
 18 section 609(c)(3); and

19 “(C) a reasonable opportunity (not more
 20 than 5 business days following the receipt of the
 21 report by the consumer) to respond to any infor-
 22 mation in the report that is disputed by the
 23 consumer, except that if the person has a reason-
 24 able belief that the consumer has engaged in

1 *fraudulent or criminal activity, no such oppor-*
 2 *tunity to respond shall be required.”.*

3 ***(b) USE OF INFORMATION OBTAINED FROM RE-***
 4 ***PORTS.—Section 604 of the Fair Credit Reporting Act (15***
 5 ***U.S.C. 1681b), as amended by subsection (a), is amended***
 6 ***by adding at the end the following new subsection:***

7 ***“(c) CERTAIN USE OR OBTAINING OF INFORMATION***
 8 ***PROHIBITED.—A person shall not use or obtain informa-***
 9 ***tion from a consumer report for any purpose unless—***

10 ***“(1) it is obtained for a purpose for which the***
 11 ***consumer report is authorized to be furnished under***
 12 ***subsection (a); and***

13 ***“(2) the purpose is certified in accordance with***
 14 ***section 607 by a prospective user of the report.”.***

15 ***(c) DISCLOSURE OF CONSUMER REPORTS BY***
 16 ***USERS.—Section 607 of the Fair Credit Reporting Act (15***
 17 ***U.S.C. 1681e) is amended by adding at the end the follow-***
 18 ***ing new subsection:***

19 ***“(c) DISCLOSURE OF CONSUMER REPORTS BY USERS***
 20 ***ALLOWED.—A consumer reporting agency may not prohibit***
 21 ***a user of a consumer report furnished by the agency on a***
 22 ***consumer from disclosing the contents of the report to the***
 23 ***consumer if adverse action against the consumer has been***
 24 ***taken or is contemplated by the user of the consumer report,***
 25 ***based in whole or in part on the report.”.***

1 (d) *USE OF REPORTS TO ESTABLISH AND ENFORCE*
 2 *CHILD SUPPORT ORDERS.*—Section 604(a) of the Fair
 3 Credit Reporting Act (15 U.S.C. 1681b), as amended by
 4 subsections (a) and (b), is amended by adding at the end
 5 the following new paragraph:

6 “(4) In response to a request from the head of the agen-
 7 cy, department, or office (or an official authorized by the
 8 head of that agency, department, or office) that is respon-
 9 sible under law for obtaining child support orders, in order
 10 to establish an individual’s obligation to make child sup-
 11 port payments or to determine the appropriate level of such
 12 payments. Any consumer report obtained pursuant to this
 13 paragraph shall be kept confidential (other than for its use
 14 in connection with a public hearing related to child sup-
 15 port) and shall not be used in connection with any other
 16 civil, administrative, or criminal proceeding.”.

17 **SEC. 103. AMENDMENTS RELATING TO PRESCREENING OF**
 18 **CONSUMER REPORTS.**

19 (a) *IN GENERAL.*—Section 604 of the Fair Credit Re-
 20 porting Act (15 U.S.C. 1681b), as amended by section 102,
 21 is amended—

22 (1) in subsection (a), by striking “A consumer
 23 reporting agency” and inserting “Subject to sub-
 24 section (d), a consumer reporting agency”; and

1 (2) by adding at the end the following new sub-
2 section:

3 “(d) *LIMITATIONS ON REPORTS RELATING TO CREDIT*
4 *OR INSURANCE TRANSACTIONS NOT INITIATED BY THE*
5 *CONSUMER.*—

6 “(1) *IN GENERAL.*—A consumer reporting agen-
7 cy may furnish a consumer report relating to a
8 consumer pursuant to subsection (a)(3)(A) to any
9 person referred to in such subsection in connection
10 with any credit or insurance transaction that is not
11 initiated by the consumer only if—

12 “(A) the consumer authorizes the agency to
13 provide such report to such person; or

14 “(B)(i) the transaction consists of a firm
15 offer of credit or insurance;

16 “(ii) the consumer reporting agency has
17 complied with subsection (f); and

18 “(iii) the consumer has not elected in ac-
19 cordance with subsection (f)(1) to have the con-
20 sumer’s name and address excluded from lists
21 provided by the agency.

22 “(2) *LIMITS ON INFORMATION RECEIVED UNDER*
23 *PARAGRAPH (1)(B).*—A person may receive pursuant
24 to paragraph (1)(B) only—

1 “(A) the name and address of a consumer;
2 and

3 “(B) information pertaining to a consumer
4 that is not identified or identifiable with the
5 consumer.

6 “(3) INFORMATION REGARDING INQUIRIES.—Ex-
7 cept as provided in section 609(a)(4), a consumer re-
8 porting agency shall not furnish to any person a
9 record of inquiries resulting from credit or insurance
10 transactions that are not initiated by a consumer.”.

11 (b) FURNISHING CONSUMER REPORTS FOR DIRECT
12 MARKETING TRANSACTIONS.—Section 604 of the Fair Cred-
13 it Reporting Act (15 U.S.C. 1681b), as amended by sub-
14 section (a), is amended by adding at the end the following
15 new subsections:

16 “(e) FURNISHING CONSUMER REPORTS FOR DIRECT
17 MARKETING TRANSACTIONS NOT INITIATED BY
18 CONSUMER.—

19 “(1) FURNISHING REPORTS PROHIBITED.—Ex-
20 cept as provided in subsection (d), a consumer report-
21 ing agency may not furnish a consumer report for use
22 for a direct marketing transaction that is not initi-
23 ated by the consumer to whom the report relates, if—

24 “(A) the consumer notifies the agency that
25 the consumer does not consent to that use;

1 “(B) the report includes any information
2 other than the name and address of the
3 consumer; or

4 “(C) furnishing the information would dis-
5 close the credit payment history, credit limit,
6 credit balance, or any negative information per-
7 taining to the consumer.

8 “(2) NOTIFICATION.—A consumer may notify a
9 consumer reporting agency for purposes of paragraph
10 (1)(A) either—

11 “(A) in writing; or

12 “(B) in the case of an agency that compiles
13 and maintains files on consumers on a nation-
14 wide basis, by calling the toll-free telephone num-
15 ber established pursuant to subsection (f)(3).

16 “(f) ELECTION OF CONSUMER TO BE EXCLUDED
17 FROM LISTS.—

18 “(1) IN GENERAL.—A consumer may elect to
19 have such consumer’s name and address excluded
20 from any list provided by a consumer reporting agen-
21 cy pursuant to subsection (d)(1)(B) or (e)(2), by—

22 “(A) notifying the agency, in writing or
23 through the notification system maintained by
24 the agency under paragraph (3), that the
25 consumer does not consent to any use of

1 *consumer reports relating to the consumer in*
2 *connection with any credit or insurance trans-*
3 *action that is not initiated by the consumer or*
4 *in connection with a direct marketing trans-*
5 *action that is not initiated by the consumer; or*

6 *“(B) returning to the agency a signed writ-*
7 *ten notice of the election, as provided by the*
8 *agency in accordance with paragraph (2).*

9 *“(2) PROVISION OF WRITTEN NOTICE TO*
10 *CONSUMER.—A consumer reporting agency shall mail*
11 *to a consumer a written notice for purposes of para-*
12 *graph (1)(B), not later than 5 business days after*
13 *being notified of the election of the consumer in ac-*
14 *cordance with paragraph (1)(A).*

15 *“(3) NOTIFICATION SYSTEM.—Each consumer re-*
16 *porting agency that furnishes a consumer report pur-*
17 *suant to subsection (d)(1)(B) in connection with any*
18 *credit or insurance transaction that is not initiated*
19 *by a consumer or pursuant to subsection (e) in con-*
20 *nection with any direct marketing transaction that is*
21 *not initiated by the consumer, shall establish and*
22 *maintain a notification system, including a toll-free*
23 *telephone number, which permits a consumer whose*
24 *consumer report is maintained by the agency to no-*
25 *tify the agency, with appropriate identification, of the*

1 *consumer's election to have the consumer's name and*
 2 *address excluded from any list of names and address-*
 3 *es provided by the agency or its affiliates pursuant to*
 4 *subsection (d)(1)(B) or (e)(2). Establishment and*
 5 *maintenance of a nationwide notification system and*
 6 *publication by a consumer reporting agency on a na-*
 7 *tionwide basis in accordance with this paragraph*
 8 *shall be considered to fulfill the requirements of this*
 9 *paragraph with respect to each affiliate of the agency.*

10 “(4) *AGENCIES OPERATING NATIONWIDE.*—*Each*
 11 *consumer reporting agency that compiles and main-*
 12 *tains files on consumers on a nationwide basis shall*
 13 *establish and maintain a notification system under*
 14 *paragraph (3) jointly with other such consumer re-*
 15 *porting agencies.*

16 “(5) *EFFECTIVENESS OF ELECTION.*—*An election*
 17 *of a consumer under paragraph (1)—*

18 “(A) *shall be effective with respect to a*
 19 *consumer reporting agency beginning on the date*
 20 *on which the consumer notifies the agency in ac-*
 21 *cordance with paragraph (1)(A);*

22 “(B) *shall be effective—*

23 “(i) *for a period of 2 years after that*
 24 *effective date; or*

1 “(ii) permanently, as may be specified
 2 by the consumer in his or her notification
 3 of election under paragraph (1)(B), except
 4 that the consumer may notify the agency at
 5 any time of a change of election in accord-
 6 ance with paragraph (1);

7 “(C) shall be effective with respect to each
 8 affiliate of the consumer reporting agency; and

9 “(D) shall be effective with respect to any
 10 list provided by a consumer reporting agency
 11 pursuant to subsection (d)(1)(B) or (e)(2), unless
 12 otherwise specified by the consumer.”.

13 (c) *FIRST NOTIFICATIONS BY CONSUMERS.*—Not later
 14 than 1 year after the date of enactment of this Act, each
 15 consumer reporting agency that furnishes a consumer re-
 16 port pursuant to subsection (d) or (e) of section 604 shall
 17 establish and thereafter maintain a notification system in
 18 accordance with section 604(f).

19 **SEC. 104. AMENDMENTS RELATING TO OBSOLETE INFORMA-**
 20 **TION AND INFORMATION CONTAINED IN**
 21 **CONSUMER REPORTS.**

22 (a) *REPEAL OF EXEMPTION PROVISIONS.*—Section
 23 605(a) of the Fair Credit Reporting Act (15 U.S.C.
 24 1681c(a)) is amended in subsection (a), by striking “(a)
 25 Except as authorized under subsection (b) of this section,

1 *no” and inserting “(a) OBSOLETE INFORMATION.—Except*
 2 *as otherwise specifically authorized, no”.*

3 *(b) ADDITIONAL INFORMATION ON BANKRUPTCY FIL-*
 4 *INGS REQUIRED.—Section 605(b) of the Fair Credit Re-*
 5 *porting Act (15 U.S.C. 1681c(b)) is amended to read as*
 6 *follows:*

7 *“(b) INFORMATION REQUIRED TO BE DISCLOSED.—*
 8 *A consumer reporting agency that furnishes a consumer re-*
 9 *port that contains information regarding any case involv-*
 10 *ing the consumer which arises under title 11, United States*
 11 *Code, shall include in the report an identification of the*
 12 *chapter of such title 11 under which such case arises if pro-*
 13 *vided by the source of the information. If any case arising*
 14 *or filed under such title 11 is withdrawn by the consumer*
 15 *prior to a final judgment, the consumer reporting agency*
 16 *shall include in the report that such case or filing was with-*
 17 *drawn upon receipt of documentation certifying such with-*
 18 *drawal.”.*

19 *(c) CLARIFICATION OF REPORTING PERIOD.—Section*
 20 *605 of the Fair Credit Reporting Act (15 U.S.C. 1681c)*
 21 *is amended by adding at the end the following new sub-*
 22 *section:*

23 *“(c) RUNNING OF REPORTING PERIOD.—The 7-year*
 24 *period referred to in paragraphs (4) and (6) of subsection*
 25 *(a) shall begin, with respect to a delinquent account that*

1 *is placed for collection (internally or by referral to a third*
 2 *party, whichever is earlier), charged to profit and loss, or*
 3 *subjected to any similar action, upon the expiration of the*
 4 *180-day period beginning on the date of the commencement*
 5 *of the delinquency that immediately preceded the collection*
 6 *activity, charge to profit and loss, or similar action. The*
 7 *requirements of this subsection shall apply only to informa-*
 8 *tion added to a consumer report beginning 1 year after the*
 9 *date of enactment of the Consumer Reporting Reform Act*
 10 *of 1994.”.*

11 *(d) DISCLOSURE OF PERSONAL INFORMATION.—Sec-*
 12 *tion 605 of the Fair Credit Reporting Act (15 U.S.C.*
 13 *1681c), as amended by subsection (c), is amended by adding*
 14 *at the end the following new subsection:*

15 *“(d) DISCLOSURE OF PERSONAL INFORMATION.—A*
 16 *person who prepares a consumer report that includes per-*
 17 *sonal credit information on a consumer shall not include*
 18 *in the report any adverse item of information on the*
 19 *consumer with respect to matters which antedate the report*
 20 *by more than 10 years or which could not be included in*
 21 *any consumer report on the consumer in accordance with*
 22 *this section.”.*

23 *(e) INDICATION OF CLOSURE OF ACCOUNT.—Section*
 24 *605 of the Fair Credit Reporting Act (15 U.S.C. 1681c),*

1 *as amended by subsection (d), is amended by adding at the*
 2 *end the following new subsection:*

3 “(e) *INDICATION OF CLOSURE OF ACCOUNT BY*
 4 *CONSUMER.—If a consumer reporting agency is notified*
 5 *pursuant to section 622(a)(4) that a consumer’s credit ac-*
 6 *count was voluntarily closed by the consumer, the agency*
 7 *shall indicate that fact in any consumer report that in-*
 8 *cludes information related to that account.”.*

9 (f) *CLERICAL AMENDMENTS.—*

10 (1) *SECTION HEADING.—The heading for section*
 11 *605 of the Fair Credit Reporting Act (15 U.S.C.*
 12 *1681c) is amended to read as follows:*

13 **“SEC. 605. REQUIREMENTS RELATING TO INFORMATION**
 14 **CONTAINED IN CONSUMER REPORTS.”.**

15 (2) *TABLE OF SECTIONS.—The table of sections*
 16 *at the beginning of the Fair Credit Reporting Act (15*
 17 *U.S.C. 1681a et seq.) is amended by striking the item*
 18 *relating to section 605 and inserting the following:*

“605. Requirements relating to information contained in consumer reports.”.

19 **SEC. 105. AMENDMENTS RELATING TO COMPLIANCE PRO-**
 20 **CEDURES.**

21 (a) *NOTICE TO USERS AND PROVIDERS OF INFORMA-*
 22 *TION To ENSURE COMPLIANCE.—*

23 (1) *IN GENERAL.—Section 607 of the Fair Credit*
 24 *Reporting Act (15 U.S.C. 1681e), as amended by sec-*

1 *tion 102(c), is amended by adding at the end the fol-*
 2 *lowing new subsection:*

3 *“(d) NOTICE TO USERS AND FURNISHERS OF INFOR-*
 4 *MATION.—A consumer reporting agency shall provide notice*
 5 *to a person of such person’s responsibilities under this title*
 6 *if such person—*

7 *“(1) regularly and in the ordinary course of*
 8 *business furnishes information to the agency with re-*
 9 *spect to a consumer; or*

10 *“(2) is provided by the agency with a consumer*
 11 *report.”.*

12 *(2) CONTENT OF NOTICE.—Not later than 1 year*
 13 *after the date of enactment of this Act, the Federal*
 14 *Trade Commission shall prescribe the content of no-*
 15 *tices required under section 607(d) of the Fair Credit*
 16 *Reporting Act, as added by this subsection.*

17 *(b) RECORD OF IDENTITY OF USERS AND PURPOSES*
 18 *CERTIFIED BY USERS OF REPORTS.—Section 607 of the*
 19 *Fair Credit Reporting Act (15 U.S.C. 1681e), as amended*
 20 *by subsection (a), is amended by adding at the end the fol-*
 21 *lowing new subsection:*

22 *“(e) PROCUREMENT OF CONSUMER REPORT FOR RE-*
 23 *SALE.—*

24 *“(1) DISCLOSURE.—A person may not procure a*
 25 *consumer report for purposes of reselling the report*

1 *(or the information contained in the report) unless*
 2 *the person discloses to the consumer reporting agency*
 3 *that originally furnished the report—*

4 “(A) *the identity of the ultimate user of the*
 5 *report (or the information), and*

6 “(B) *each permissible purpose under section*
 7 *604 for which the report will be furnished to the*
 8 *ultimate user of the report (or the information).*

9 “(2) *RESPONSIBILITIES OF PROCURERS FOR RE-*
 10 *SALE.—A person who procures a consumer report for*
 11 *purposes of reselling the report (or the information*
 12 *contained in the report) shall—*

13 “(A) *establish and comply with reasonable*
 14 *procedures, which shall be designed to ensure*
 15 *that the report (or the information) is resold by*
 16 *such person only for a purpose for which the re-*
 17 *port may be furnished under section 604, includ-*
 18 *ing—*

19 “(i) *identifying each prospective user*
 20 *of the resold report (or the information);*

21 “(ii) *certifying each purpose for which*
 22 *the report (or the information) will be used;*
 23 *and*

1 “(iii) certifying that the report (or the
2 information) will be used for no other pur-
3 pose; and

4 “(B) before reselling the report, make rea-
5 sonable efforts to verify the identifications and
6 certifications made under subparagraph (A).”.

7 **SEC. 106. AMENDMENTS RELATING TO CONSUMER DISCLO-**
8 **SURES.**

9 (a) *ALL INFORMATION IN CONSUMER’S FILE RE-*
10 *QUIRED TO BE DISCLOSED.*—Section 609(a)(1) of the Fair
11 *Credit Reporting Act (15 U.S.C. 1681g(a)(1)) is amended*
12 *to read as follows:*

13 “(1) All information in the consumer’s file at the
14 time of the request.”.

15 (b) *MORE INFORMATION CONCERNING RECIPIENTS OF*
16 *REPORTS REQUIRED.*—Section 609(a)(3) of the Fair Credit
17 *Reporting Act (15 U.S.C. 1681g(a)(3)) is amended to read*
18 *as follows:*

19 “(3)(A) Identification of each person who pro-
20 cured a consumer report—

21 “(i) for employment purposes during the 2-
22 year period preceding the request; and

23 “(ii) for any other purpose during the 1-
24 year period preceding the request.

1 “(B) An identification of a person under sub-
2 paragraph (A) shall include—

3 “(i) the name of the person or, if applicable,
4 the trade name (written in full) under which
5 such person conducts business; and

6 “(ii) upon request of the consumer, the ad-
7 dress and telephone number of the person.”.

8 (c) *INFORMATION REGARDING INQUIRIES.*—Section
9 609(a) of the Fair Credit Reporting Act (15 U.S.C.
10 1681g(a)) is amended by adding at the end the following
11 new paragraph:

12 “(4) A record of all inquiries received by the
13 agency during the 1-year period preceding the request
14 that identified the consumer in connection with a
15 credit or insurance transaction that was not initiated
16 by the consumer.”.

17 (d) *SUMMARY OF RIGHTS REQUIRED TO BE IN-*
18 *CLUDED WITH DISCLOSURE.*—

19 (1) *IN GENERAL.*—Section 609 of the Fair Credit
20 Reporting Act (15 U.S.C. 1681g) is amended by add-
21 ing at the end the following new subsection:

22 “(c) *SUMMARY OF RIGHTS REQUIRED TO BE IN-*
23 *CLUDED WITH DISCLOSURE.*—

24 “(1) *SUMMARY OF RIGHTS.*—A consumer report-
25 ing agency shall provide to a consumer, on or with

1 *each written disclosure by the agency to the consumer*
2 *under this section—*

3 “(A) *a written summary of all rights af-*
4 *forded to the consumer under this title; and*

5 “(B) *in the case of a consumer reporting*
6 *agency that compiles and maintains consumer*
7 *reports on a nationwide basis, a toll-free tele-*
8 *phone number that the consumer can use to com-*
9 *municate with the agency.*

10 “(2) *SPECIFIC ITEMS REQUIRED TO BE IN-*
11 *CLUDED.—The summary of rights required under*
12 *paragraph (1) shall include—*

13 “(A) *a brief description of this title and all*
14 *rights of consumers under this title;*

15 “(B) *an explanation of how the consumer*
16 *may exercise the rights of the consumer under*
17 *this title;*

18 “(C) *a list of all Federal agencies respon-*
19 *sible for enforcing any provision of this title and*
20 *the address and any appropriate telephone num-*
21 *ber of each such agency, in a form that will as-*
22 *sist the consumer in selecting the appropriate*
23 *agency; and*

24 “(D) *a statement that a consumer reporting*
25 *agency is not required to remove accurate derog-*

1 *atory information from a consumer's file unless*
 2 *the information is outdated, as determined in ac-*
 3 *cordance with section 605, or unless the informa-*
 4 *tion cannot be verified.*

5 *“(3) FORM OF SUMMARY OF RIGHTS.—The Fed-*
 6 *eral Trade Commission (after consultation with each*
 7 *Federal agency referred to in section 621(b)) shall*
 8 *prescribe the form and content of any disclosure with*
 9 *respect to consumers' rights required to be made by a*
 10 *consumer reporting agency under this title.*

11 *“(4) STATE DISCLOSURES.—Notwithstanding*
 12 *paragraphs (1) through (3), a State shall retain the*
 13 *authority to require additional disclosures pertaining*
 14 *to State law in connection with a consumer report.*
 15 *Nothing in this subsection shall be construed to limit*
 16 *the authority of a State to mandate the time by which*
 17 *a disclosure shall be made to a consumer.”.*

18 (2) *TECHNICAL AMENDMENT.—Section*
 19 *606(a)(1)(B) of the Fair Credit Reporting Act (15*
 20 *U.S.C. 1681d(a)(1)(B)) is amended by inserting be-*
 21 *fore the semicolon the following: “and the written*
 22 *summary of the rights of the consumer prepared pur-*
 23 *suant to section 609(c)”.*

24 *(e) FORM OF DISCLOSURES.—*

1 (1) *IN GENERAL.*—Subsections (a) and (b) of sec-
 2 tion 610 of the Fair Credit Reporting Act (15 U.S.C.
 3 1681h) are amended to read as follows:

4 “(a) *WRITTEN DISCLOSURE.*—The disclosures required
 5 to be made under section 609 shall be provided to a
 6 consumer in writing.

7 “(b) *OTHER FORMS OF DISCLOSURE.*—

8 “(1) *IN GENERAL.*—In addition to the written
 9 disclosures required by subsection (a), a consumer re-
 10 porting agency may make the disclosures required
 11 under section 609 other than in written form if—

12 “(A) the consumer authorizes the disclosure;

13 “(B) the consumer furnishes proper identi-
 14 fication to the consumer reporting agency;

15 “(C) the consumer specifies the form of dis-
 16 closure; and

17 “(D) such form of disclosure is available
 18 from the agency.

19 “(2) *FORM.*—A consumer may specify, pursuant
 20 to paragraph (1), that disclosures under section 609
 21 be made—

22 “(A) in person, upon the appearance of the
 23 consumer at the place of business of the consumer
 24 reporting agency where disclosures are regularly

1 *provided, during normal business hours, and on*
 2 *reasonable notice;*

3 *“(B) by telephone, if the consumer has made*
 4 *a written request for disclosure by telephone that*
 5 *includes the proper identification of the*
 6 *consumer, as required by paragraph (1)(B);*

7 *“(C) by electronic means, if available from*
 8 *the agency; or*

9 *“(D) by any other reasonable means avail-*
 10 *able from the agency.”.*

11 (2) *SIMPLIFIED DISCLOSURE.*—*Not later than 90*
 12 *days after the date of enactment of this Act, each*
 13 *consumer reporting agency shall develop a form on*
 14 *which such consumer reporting agency shall make the*
 15 *disclosures required under section 609(a) of the Fair*
 16 *Credit Reporting Act, for the purpose of maximizing*
 17 *the comprehensibility and standardization of such*
 18 *disclosures.*

19 (3) *GOALS.*—*The Federal Trade Commission*
 20 *shall take appropriate action to assure that the goals*
 21 *of comprehensibility and standardization are achieved*
 22 *in accordance with paragraph (2).*

23 (4) *CONFORMING AMENDMENTS.*—

24 (A) *SECTION HEADING.*—*The section head-*
 25 *ing for section 610 of the Fair Credit Reporting*

1 Act (15 U.S.C. 1681h) is amended to read as fol-
 2 lows:

3 **“SEC. 610. CONDITIONS AND FORM OF DISCLOSURE TO**
 4 **CONSUMERS.”.**

5 (B) *TABLE OF SECTIONS.*—The table of sec-
 6 tions at the beginning of the Fair Credit Report-
 7 ing Act (15 U.S.C. 1681a et seq.) is amended by
 8 striking the item relating to section 610 by in-
 9 serting the following:

 “610. Conditions and form of disclosure to consumers.”.

10 **SEC. 107. AMENDMENTS RELATING TO PROCEDURES IN**
 11 **CASE OF THE DISPUTED ACCURACY OF ANY**
 12 **INFORMATION IN A CONSUMER’S FILE.**

13 (a) *IN GENERAL.*—Section 611(a) of the Fair Credit
 14 Reporting Act (15 U.S.C. 1681i(a)) is amended to read as
 15 follows:

16 “(a) *REINVESTIGATION OF DISPUTED INFORMA-*
 17 *TION.*—

18 “(1) *IN GENERAL.*—If the completeness or accu-
 19 racy of an item of information contained in a con-
 20 sumer’s file at a consumer reporting agency is dis-
 21 puted by the consumer and the consumer notifies the
 22 agency directly of such dispute, the agency shall
 23 reinvestigate free of charge and record the current sta-
 24 tus of the disputed information before the later of—

1 “(A) the expiration of the 30-day period be-
 2 ginning on the date the agency receives the notice
 3 of the dispute from the consumer; or

4 “(B) the expiration of the 15-day period be-
 5 ginning on the last date on which the agency re-
 6 ceives relevant information submitted by the
 7 consumer in accordance with paragraph (4).

8 “(2) *PROMPT NOTICE OF DISPUTE TO FUR-*
 9 *NISHER OF INFORMATION.*—Not later than 5 business
 10 days after the date on which a consumer reporting
 11 agency receives notice of a dispute from a consumer
 12 in accordance with paragraph (1), the agency shall
 13 notify any person who provided any item of informa-
 14 tion in dispute at the address and in the manner es-
 15 tablished with the person.

16 “(3) *DETERMINATION THAT DISPUTE IS FRIVO-*
 17 *LOUS OR IRRELEVANT.*—

18 “(A) *IN GENERAL.*—Notwithstanding para-
 19 graph (1), a consumer reporting agency may ter-
 20 minate a reinvestigation of information disputed
 21 by a consumer under that paragraph if the agen-
 22 cy reasonably determines that the dispute raised
 23 by the consumer is frivolous or irrelevant, in-
 24 cluding by reason of a failure to provide suffi-
 25 cient information to investigate the dispute.

1 “(B) *NOTICE OF DETERMINATION.*—Not
2 *later than 5 business days after making a deter-*
3 *mination in accordance with subparagraph (A)*
4 *that a dispute is frivolous or irrelevant, a*
5 *consumer reporting agency shall mail to the*
6 *consumer a written notification of such deter-*
7 *mination (including the reasons for the deter-*
8 *mination), and, if authorized by the consumer*
9 *for that purpose, notification by any other*
10 *means available to the agency.*

11 “(4) *CONSIDERATION OF CONSUMER INFORMA-*
12 *TION.*—*In conducting any reinvestigation under*
13 *paragraph (1) with respect to disputed information*
14 *in the file of a consumer, the consumer reporting*
15 *agency shall review and consider all relevant infor-*
16 *mation submitted by the consumer during the 30-day*
17 *period beginning on the date the agency receives the*
18 *notice of the dispute from the consumer.*

19 “(5) *DELETION OF INACCURATE OR UNVERIFI-*
20 *ABLE INFORMATION.*—

21 “(A) *IN GENERAL.*—*If, in the course of a*
22 *reinvestigation under paragraph (1) of any in-*
23 *formation disputed by a consumer, an item of*
24 *the information is found to be inaccurate or can-*
25 *not be verified, the consumer reporting agency*

1 *shall delete that item of information from the*
2 *consumer's file.*

3 “(B) *REQUIREMENTS RELATING TO*
4 *REINSERTION OF PREVIOUSLY DELETED MATE-*
5 *RIAL.—*

6 “(i) *CERTIFICATION OF ACCURACY OF*
7 *INFORMATION.—If any information is de-*
8 *leted from a consumer's file pursuant to*
9 *subparagraph (A), the information may not*
10 *be reinserted in the file after the deletion*
11 *unless the person who furnishes the infor-*
12 *mation certifies that the information is*
13 *complete and accurate.*

14 “(ii) *NOTICE TO CONSUMER.—If any*
15 *information that has been deleted from a*
16 *consumer's file pursuant to subparagraph*
17 *(A) is reinserted in the file in accordance*
18 *with clause (i), the consumer reporting*
19 *agency shall, not later than 5 business days*
20 *after such reinsertion, mail to the consumer*
21 *written notification of the reinsertion, and,*
22 *if authorized by the consumer for that pur-*
23 *pose, shall provide such notice by any other*
24 *means available to the agency.*

1 “(iii) *CONTENTS.*—The notice of
2 reinsertion required under clause (ii) shall
3 include—

4 “(I) all information prescribed in
5 clauses (iii) and (v) of paragraph
6 (6)(B);

7 “(II) a description of the proce-
8 dure used to make the finding that the
9 information should be reinserted; and

10 “(III) the name, business address,
11 and telephone number of any furnisher
12 of information contacted in connection
13 with such information.

14 “(C) *PROCEDURES TO PREVENT REAPPEAR-*
15 *ANCE.*—A consumer reporting agency shall
16 maintain reasonable procedures designed to pre-
17 vent the reappearance in a consumer’s file, and
18 in consumer reports on the consumer, of infor-
19 mation that is required to be deleted pursuant to
20 this paragraph (other than information that is
21 reinserted in accordance with subparagraph
22 (B)(i)).

23 “(6) *NOTICE OF RESULTS OF*
24 *REINVESTIGATION.*—

1 “(A) *IN GENERAL.*—A consumer reporting
2 agency shall mail to the consumer written notifi-
3 cation of the results of a reinvestigation under
4 this subsection not later than 5 business days
5 after the completion of the reinvestigation, and,
6 if authorized by the consumer for that purpose,
7 shall provide notification by other means avail-
8 able to the agency.

9 “(B) *CONTENTS.*—As part of or in addition
10 to the notice under subparagraph (A), a
11 consumer reporting agency shall provide to a
12 consumer in writing during the 5-business-day
13 period referred to in subparagraph (A)—

14 “(i) a statement that the
15 reinvestigation is completed;

16 “(ii) a consumer report that is based
17 upon the consumer’s file as that file is re-
18 vised as a result of the reinvestigation;

19 “(iii) a description or indication of
20 any changes made in the consumer report
21 as a result of those revisions to the consum-
22 er’s file;

23 “(iv) in any case in which disputed
24 information is found to be accurate and
25 complete (and in any other case upon re-

1 quest by the consumer), a description of the
 2 procedure used to make the finding and the
 3 name, business address, and telephone num-
 4 ber of any furnisher of information con-
 5 tacted in connection with such information;

6 “(v) a notification that the consumer
 7 has the right to insert a statement in such
 8 consumer’s file disputing the accuracy or
 9 completeness of the information in the file;
 10 and

11 “(vi) a clear and conspicuous notifica-
 12 tion of the right of the consumer to request
 13 under subsection (d) that the consumer re-
 14 porting agency furnish notifications under
 15 that subsection.

16 “(7) DESCRIPTION OF REINVESTIGATION PROCE-
 17 DURE.—Not later than 15 days after receiving a re-
 18 quest from the consumer for a description referred to
 19 in paragraph (6)(B)(iv), the consumer reporting
 20 agency shall provide such description to the consumer.

21 “(8) EXCEPTION.—If the dispute is resolved by
 22 the deletion of the disputed information not later than
 23 3 business days after the date on which the consumer
 24 reporting agency receives notice of the dispute in ac-
 25 cordance with paragraph (1), the consumer reporting

1 *agency shall be exempt from the requirements of para-*
 2 *graphs (2) and (6) if the consumer reporting agen-*
 3 *cy—*

4 *“(A) provides prompt notification of the de-*
 5 *letion to the consumer by telephone;*

6 *“(B) provides written confirmation of the*
 7 *deletion, upon request by the consumer; and*

8 *“(C) maintains reasonable procedures de-*
 9 *signed to prevent the reappearance in the con-*
 10 *sumer’s file, and in reports on the consumer, of*
 11 *information deleted pursuant to paragraph (5).*

12 *“(9) CONSIDERATION OF CONSUMER DOCU-*
 13 *MENTATION.—*

14 *“(A) IN GENERAL.—Reinvestigation under*
 15 *this section shall include an acceptance of the*
 16 *consumer’s version of the disputed information*
 17 *and correction or deletion of the disputed infor-*
 18 *mation, if the consumer submits to the consumer*
 19 *reporting agency documentation obtained from*
 20 *the source of the information in dispute confirm-*
 21 *ing that the disputed information in the*
 22 *consumer report is inaccurate or incomplete.*

23 *“(B) EXCEPTION.—Notwithstanding sub-*
 24 *paragraph (A), the consumer reporting agency*
 25 *need not accept the consumer’s version of the dis-*

1 *puted information if the consumer reporting*
 2 *agency, acting in good faith—*

3 *“(i) has reason to doubt the authentic-*
 4 *ity of the documentation submitted by the*
 5 *consumer;*

6 *“(ii) reinvestigates the dispute by con-*
 7 *tacting the source of the disputed item; and*

8 *“(iii) verifies that the documentation*
 9 *is not authentic.*

10 *“(10) INFORMATION FROM CONSUMER.—Nothing*
 11 *in paragraph (1)(B) or paragraph (4) shall be con-*
 12 *strued to require a consumer to provide information*
 13 *in connection with a reinvestigation under this sec-*
 14 *tion.”.*

15 *(b) CONFORMING AMENDMENT.—Section 611(d) of the*
 16 *Fair Credit Reporting Act (15 U.S.C. 1681i(d)) is amended*
 17 *by striking “The consumer reporting agency shall clearly”*
 18 *and all that follows through the end of the subsection.*

19 **SEC. 108. AMENDMENT RELATING TO CHARGES FOR DIS-**
 20 **CLOSURE.**

21 *(a) IN GENERAL.—Section 612 of the Fair Credit Re-*
 22 *porting Act (15 U.S.C. 1681j) is amended to read as follows:*

1 ***“SEC. 612. CHARGES FOR DISCLOSURES AND CERTAIN NO-***
 2 ***TICES PROHIBITED.***

3 *“(a) FREE CONSUMER REPORTS.—Each consumer re-*
 4 *porting agency that maintains a file on a consumer shall*
 5 *make all disclosures pursuant to section 609 without charge*
 6 *to the consumer—*

7 *“(1) if the consumer makes a request under sec-*
 8 *tion 609 not later than 60 days after receipt by such*
 9 *consumer of a notification pursuant to section 615 or*
 10 *of a notification from a debt collection agency affili-*
 11 *ated with that consumer reporting agency stating that*
 12 *the consumer’s credit rating may be or has been ad-*
 13 *versely affected;*

14 *“(2) upon written request by the consumer not*
 15 *later than 1 year after the consumer receives a notifi-*
 16 *cation under subsection (b)(2); and*

17 *“(3) in the case of a consumer reporting agency*
 18 *that compiles and maintains files on consumers on a*
 19 *nationwide basis, upon the written request of the*
 20 *consumer, not more often than once in any 2-year pe-*
 21 *riod.*

22 *“(b) CHARGE FOR CERTAIN NOTICES PROHIBITED.—*
 23 *A consumer reporting agency shall not impose any charge*
 24 *on the consumer for—*

25 *“(1) providing a notice required under section*
 26 *604(f)(2), 607(d), or 611(a); or*

1 “(2) notifying a person pursuant to section
 2 611(d) of the deletion of information that is found to
 3 be inaccurate or that can no longer be verified, if the
 4 consumer designates that person to the agency before
 5 the end of the 30-day period beginning on the date of
 6 the notification of the consumer under section
 7 611(a)(6).”.

8 (b) CLERICAL AMENDMENT.—The table of sections at
 9 the beginning of the Fair Credit Reporting Act (15 U.S.C.
 10 1681a et seq.) is amended by striking the item relating to
 11 section 612 and inserting the following:

 “612. Charges for disclosures and certain notices prohibited.”.

12 **SEC. 109. AMENDMENTS RELATING TO DUTIES OF USERS**
 13 **OF CONSUMER REPORTS.**

14 (a) DUTIES OF USERS TAKING ADVERSE ACTIONS.—
 15 Section 615(a) of the Fair Credit Reporting Act (15 U.S.C.
 16 1681m(a)) is amended to read as follows:

17 “(a) DUTIES OF USERS TAKING ADVERSE ACTIONS ON
 18 THE BASIS OF INFORMATION CONTAINED IN CONSUMER
 19 REPORTS.—If a person takes any adverse action with re-
 20 spect to a consumer in connection with credit, employment
 21 purposes, insurance underwriting, any license or benefit de-
 22 scribed in section 604(a)(3)(D), or any business transaction
 23 involving the consumer that is based, in whole or in part,
 24 on any information contained in a consumer report, the
 25 person shall—

1 “(1) provide written notice of the adverse action
2 to the consumer;

3 “(2) provide to the consumer—

4 “(A) the name, address, and telephone num-
5 ber (including any available toll-free telephone
6 number) of the consumer reporting agency that
7 furnished the report to the person; and

8 “(B) a statement that the consumer report-
9 ing agency did not make the decision to take the
10 adverse action;

11 “(3) provide to the consumer a written notice of
12 the consumer’s right—

13 “(A) to obtain, under section 612, a free
14 copy of a consumer report on the consumer, from
15 the consumer reporting agency referred to in
16 paragraph (2) and from any other consumer re-
17 porting agency that compiles and maintains files
18 on consumers on a nationwide basis; and

19 “(B) to dispute, under section 611, with a
20 consumer reporting agency the accuracy or com-
21 pleteness of any information in a consumer re-
22 port furnished by the agency; and

23 “(4) in the case of an adverse action involving
24 credit, provide the consumer with the principal rea-

1 *sons for the adverse action, in accordance with section*
 2 *701(d)(3) of the Equal Credit Opportunity Act.”.*

3 *(b) DUTIES OF USERS WHO MAKE CERTAIN SOLICITA-*
 4 *TIONS.—Section 615 of the Fair Credit Reporting Act (15*
 5 *U.S.C. 1681m) is amended by adding at the end the follow-*
 6 *ing new subsection:*

7 *“(d) DUTIES OF USERS WHO MAKE WRITTEN CREDIT*
 8 *OR INSURANCE SOLICITATIONS ON THE BASIS OF INFORMA-*
 9 *TION CONTAINED IN CONSUMER FILES.—*

10 *“(1) IN GENERAL.—A person who uses a*
 11 *consumer report of a consumer in connection with*
 12 *any credit or insurance transaction that is not initi-*
 13 *ated by the consumer and that consists of a firm offer*
 14 *of credit or insurance shall provide on or with any*
 15 *written solicitation made to the consumer regarding*
 16 *the transaction a clear and conspicuous statement*
 17 *that—*

18 *“(A) information contained in the consum-*
 19 *er’s consumer report was used in connection with*
 20 *the transaction;*

21 *“(B) the consumer received the offer of cred-*
 22 *it or insurance because the consumer satisfied the*
 23 *criteria for creditworthiness under which the*
 24 *consumer was selected for the offer;*

1 “(C) if applicable, the credit or insurance
2 may not be extended if, after the consumer re-
3 sponds to the offer by submitting an application,
4 the consumer—

5 “(i) fails to provide correct and ade-
6 quate information in such application; or

7 “(ii) does not meet the criteria estab-
8 lished in advance of the offer for such exten-
9 sion of credit or insurance;

10 “(D) no criteria for creditworthiness will be
11 imposed on the consumer other than the criteria
12 established in advance of the offer for such exten-
13 sion of credit or insurance;

14 “(E) the consumer has a right to prohibit
15 information contained in the consumer’s file
16 with a consumer reporting agency to be used in
17 connection with any credit or insurance trans-
18 action that is not initiated by the consumer; and

19 “(F) the consumer may exercise the right re-
20 ferred to in subparagraph (E) by using the joint
21 notification system established under section
22 604(f)(4) or the toll-free telephone number estab-
23 lished pursuant to section 604(f)(3).

1 “(2) *LIMITATION ON APPLICATION.*—Paragraph
2 (1) does not apply to the use of a consumer report by
3 a person if—

4 “(A) the person is affiliated by common
5 ownership or by common corporate control with
6 the person who procured the report;

7 “(B) the person who procured the report
8 clearly and conspicuously disclosed to the
9 consumer to whom the report relates, before the
10 report is provided to the person who will use the
11 report, that the report might be provided to and
12 used by other persons who are affiliated in the
13 manner described in subparagraph (A) to the
14 person who procured the report; and

15 “(C) the provision and use of the report is
16 consented to by the consumer in writing.

17 “(3) *FALSE AND MISLEADING STATEMENTS.*—No
18 statement accompanying a credit or insurance trans-
19 action that is not initiated by the consumer shall con-
20 tain any false or misleading information concerning
21 any condition or criteria for the extension or offer of
22 credit or insurance to the consumer.

23 “(4) *MAINTAINING CRITERIA ON FILE.*—A person
24 who makes an offer of credit or insurance to a
25 consumer under a credit or insurance transaction de-

1 scribed in paragraph (1) shall maintain on file the
 2 criteria established in advance of the offer for such ex-
 3 tension of credit or insurance until the expiration of
 4 the 3-year period beginning on the date on which the
 5 offer is made to the consumer.”.

6 (c) DUTIES OF USERS FOR DIRECT MARKETING
 7 TRANSACTIONS NOT INITIATED BY CONSUMERS.—Section
 8 615 of the Fair Credit Reporting Act (15 U.S.C. 1681m),
 9 as amended by subsection (b), is amended by adding at the
 10 end the following new subsection:

11 “(e) DUTIES OF USERS FOR DIRECT MARKETING
 12 TRANSACTIONS NOT INITIATED BY CONSUMERS.—A person
 13 who, in connection with a direct marketing transaction that
 14 is not initiated by a consumer, uses information concerning
 15 the consumer that is provided by a consumer reporting
 16 agency to that person under section 604(e) shall provide
 17 to the consumer with each communication regarding the
 18 transaction made to the consumer a clear and conspicuous
 19 written statement—

20 “(1) that information concerning the consumer
 21 that was provided by a consumer reporting agency
 22 was used in connection with the transaction;

23 “(2) that the consumer has the right under sec-
 24 tion 604(e) to prohibit any information concerning
 25 the consumer from being provided by the consumer re-

1 *porting agency for use in connection with any direct*
 2 *marketing transaction that is not initiated by the*
 3 *consumer;*

4 *“(3) that the consumer may exercise the right re-*
 5 *ferred to in paragraph (2) by notifying the consumer*
 6 *reporting agency in writing or, in the case of a*
 7 *consumer reporting agency required to establish a*
 8 *toll-free telephone number pursuant to section*
 9 *604(f)(4), by calling that number; and*

10 *“(4) disclosing the name, address, and, in the*
 11 *case of a consumer reporting agency required to estab-*
 12 *lish a toll-free telephone number pursuant to section*
 13 *604(f)(4), the toll-free telephone number at which the*
 14 *agency may be notified.”.*

15 **SEC. 110. AMENDMENTS RELATING TO CIVIL LIABILITY.**

16 *(a) WILLFUL FAILURE TO COMPLY.—Section 616 of*
 17 *the Fair Credit Reporting Act (15 U.S.C. 1681n) is amend-*
 18 *ed to read as follows:*

19 **“SEC. 616. CIVIL LIABILITY FOR WILLFUL NONCOMPLIANCE.**

20 *“(a) IN GENERAL.—A person who willfully fails to*
 21 *comply with any requirement imposed under this title with*
 22 *respect to a consumer is liable to that consumer in an*
 23 *amount prescribed under subsection (c).*

1 “(b) *EXCEPTION.*—A person has no liability to a
 2 consumer under this section for a violation of section
 3 622(a)(1).

4 “(c) *DAMAGES.*—Liability for a willful failure to com-
 5 ply described in subsection (a) shall be in an amount equal
 6 to the sum of—

7 “(1) any actual damages sustained by the
 8 consumer as a result of the failure;

9 “(2) an amount not less than \$300 nor greater
 10 than \$1,000;

11 “(3) such punitive damages as the court may
 12 allow; and

13 “(4) in the case of a successful action to enforce
 14 any liability under this section—

15 “(A) the costs of the action; and

16 “(B) reasonable attorney’s fees, as deter-
 17 mined by the court.

18 “(d) *ATTORNEY’S FEES.*—On a finding by the court
 19 that an unsuccessful pleading, motion, or other paper filed
 20 in connection with an action under this section was filed
 21 in bad faith or for purposes of harassment, the court shall
 22 award to the prevailing party attorney’s fees reasonable in
 23 relation to the work expended in responding to such plead-
 24 ing, motion, or other paper.”.

1 (b) *NEGLIGENT FAILURE TO COMPLY.*—Section 617 of
 2 the Fair Credit Reporting Act (15 U.S.C. 1681o) is amend-
 3 ed to read as follows:

4 ***“SEC. 617. CIVIL LIABILITY FOR NEGLIGENT NONCOMPLI-***
 5 ***ANCE.***

6 “(a) *IN GENERAL.*—A person who is negligent in fail-
 7 ing to comply with any requirement of this title with re-
 8 spect to a consumer shall be liable to that consumer in an
 9 amount prescribed in subsection (c).

10 “(b) *EXCEPTION.*—A person has no liability to a
 11 consumer under this section for a violation of section
 12 622(a)(1).

13 “(c) *DAMAGES.*—Liability for a negligent failure to
 14 comply described in subsection (a) shall be in an amount
 15 equal to the sum of—

16 “(1) *any actual damage sustained by a consumer*
 17 *as a result of the failure; and*

18 “(2) *in the case of any successful action to en-*
 19 *force liability under this section—*

20 “(A) *the costs of the action; and*

21 “(B) *reasonable attorney’s fees, as deter-*
 22 *mined by the court.*

23 “(d) *ATTORNEY’S FEES.*—On a finding by the court
 24 that an unsuccessful pleading, motion, or other paper filed
 25 in connection with an action under this section was filed

1 *in bad faith or for purposes of harassment, the court shall*
 2 *award to the prevailing party attorney's fees reasonable in*
 3 *relation to the work expended in responding to such plead-*
 4 *ing, motion, or other paper.”.*

5 **SEC. 111. AMENDMENTS RELATING TO RESPONSIBILITIES**
 6 **OF PERSONS WHO FURNISH INFORMATION**
 7 **TO CONSUMER REPORTING AGENCIES.**

8 (a) *IN GENERAL.*—*The Fair Credit Reporting Act (15*
 9 *U.S.C. 1681 et seq.) is amended—*

10 (1) *by redesignating sections 622 and 623 as sec-*
 11 *tions 623 and 624; and*

12 (2) *by inserting after section 621 the following*
 13 *new section:*

14 **“SEC. 622. RESPONSIBILITIES OF FURNISHERS OF INFOR-**
 15 **MATION TO CONSUMER REPORTING AGEN-**
 16 **CIES.**

17 *“(a) DUTY OF FURNISHERS OF INFORMATION TO PRO-*
 18 *VIDE COMPLETE AND ACCURATE INFORMATION.—*

19 *“(1) IN GENERAL.—A person shall not furnish*
 20 *any information to a consumer reporting agency if*
 21 *the person knows or should know the information is*
 22 *incomplete or inaccurate.*

23 *“(2) DUTY TO CORRECT AND UPDATE INFORMA-*
 24 *TION.—A person who furnishes information to a*

1 *consumer reporting agency that the person determines*
2 *is not complete or accurate shall—*

3 *“(A) promptly notify the consumer report-*
4 *ing agency of that determination; and*

5 *“(B) provide to the agency any corrections*
6 *to that information, or any additional informa-*
7 *tion, that is necessary to make the information*
8 *provided by the person to the agency complete*
9 *and accurate.*

10 *“(3) DUTY TO PROVIDE NOTICE OF CONTINUING*
11 *DISPUTE.—If the completeness or accuracy of any in-*
12 *formation furnished by any person to a consumer re-*
13 *porting agency continues to be disputed by the*
14 *consumer to such person, that person shall not furnish*
15 *the information to a consumer reporting agency with-*
16 *out notice that such information is disputed by the*
17 *consumer.*

18 *“(4) DUTY TO PROVIDE NOTICE OF CLOSED AC-*
19 *COUNTS.—A person who regularly furnishes informa-*
20 *tion to a consumer reporting agency regarding a*
21 *consumer who has a credit account with that person*
22 *shall notify the agency of the closure of that account*
23 *by the consumer in information regularly furnished*
24 *for the period in which the account is closed.*

1 “(5) *DUTY TO PROVIDE NOTICE OF DELINQUENCY*
2 *OF ACCOUNTS.*—A person who furnishes information
3 to a consumer reporting agency regarding a delin-
4 quent account being placed for collection, charged to
5 profit or loss, or subjected to any similar action shall,
6 not later than 90 days after the commencement of the
7 action, notify the agency of the commencement date of
8 the delinquency immediately preceding the action.

9 “(b) *NOTICE TO CONSUMERS OF INFORMATION FUR-*
10 *NISHED TO CONSUMER REPORTING AGENCIES.*—

11 “(1) *NOTICE REQUIRED.*—A person who in the
12 ordinary course of business regularly and on a rou-
13 tine basis furnishes information about that person’s
14 transactions or experiences with a consumer to a
15 consumer reporting agency, shall give notice of that
16 fact in writing to the consumer before first providing
17 any information about the consumer to a consumer
18 reporting agency.

19 “(2) *CONTENTS OF NOTICE.*—Written notice pro-
20 vided to a consumer by a person pursuant to para-
21 graph (1) shall contain—

22 “(A) a brief description of the type of infor-
23 mation that may be furnished regularly to a
24 consumer reporting agency; and

1 “(B) a brief description of the frequency
2 with which or the circumstances under which in-
3 formation is furnished to a consumer reporting
4 agency.

5 “(3) NOTICE BY CERTAIN PERSONS.—A person
6 who furnishes information about checks offered as
7 payment by consumers may give notice for purposes
8 of paragraph (1) by posting the notice in a conspicu-
9 ous manner at each location where checks are accept-
10 ed by the person.

11 “(c) DUTIES OF FURNISHERS OF INFORMATION UPON
12 NOTICE OF DISPUTE.—Upon receiving notice pursuant to
13 section 611(a)(2) of a dispute with regard to the complete-
14 ness or accuracy of any information provided by a person
15 to a consumer reporting agency, the person shall—

16 “(1) complete an investigation with respect to
17 the disputed information and report to the consumer
18 reporting agency the results of that investigation be-
19 fore the end of the 25-day period beginning on the
20 date the agency receives notice of a dispute from the
21 consumer in accordance with section 611(a)(1); and

22 “(2) review relevant information submitted to
23 the consumer reporting agency by the consumer in ac-
24 cordance with section 611(a)(4).

25 “(d) LIMITATIONS.—

1 “(1) *ENFORCEMENT.*—Subsection (a) shall be en-
 2 forced exclusively under section 621 by the agencies
 3 identified in that section.

4 “(2) *INJUNCTIVE RELIEF.*—In an action alleging
 5 a violation of subsection (a)(1), the court shall have
 6 jurisdiction to enjoin the violation only where the ac-
 7 tion is brought by the Federal Trade Commission or
 8 the attorney general of a State.”.

9 (b) *CLERICAL AMENDMENT.*—The table of sections for
 10 title VI of the Consumer Credit Protection Act is amend-
 11 ed—

12 (1) by redesignating the items relating to sec-
 13 tions 622 and 623 as sections 623 and 624, respec-
 14 tively; and

15 (2) inserting after the item relating to section
 16 621 the following new item:

 “622. Responsibilities of furnishers of information to consumer reporting agen-
 cies.”.

17 **SEC. 112. STATE ACTION TO ENFORCE ACT.**

18 Section 621 of the Fair Credit Reporting Act (15
 19 U.S.C. 1681s) is amended by adding at the end the follow-
 20 ing new subsection:

21 “(d) *STATE ACTION TO ENFORCE TITLE.*—

22 “(1) *IN GENERAL.*—If a person violates any re-
 23 quirement imposed under this title, the chief law en-
 24 forcement officer of the State in which such violation

1 *occurred (or an official or agency designated by that*
2 *State) may bring an action—*

3 *“(A) to restrain such violation;*

4 *“(B) to recover amounts for which such per-*
5 *son is liable under this title to each consumer on*
6 *whose behalf the action is brought;*

7 *“(C) to seek such remedies as are allowed*
8 *under the laws of such State; or*

9 *“(D) to collect a civil penalty of not more*
10 *than \$1,000 for each such violation.*

11 *“(2) NOTICE.—The State shall serve prior writ-*
12 *ten notice of any civil action under this subsection*
13 *upon the Commission and provide the Commission*
14 *with a copy of the complaint. If prior notice is not*
15 *feasible, the State attorney general shall provide no-*
16 *tice immediately upon initiating the action. Upon re-*
17 *ceiving notice of a civil action under this section, the*
18 *Commission shall have the right—*

19 *“(A) to intervene in the action;*

20 *“(B) upon so intervening, to be heard on all*
21 *matters arising therein; and*

22 *“(C) to file petitions for appeal.”.*

1 **SEC. 113. ADMINISTRATIVE ENFORCEMENT.**

2 (a) *IN GENERAL.*—Section 621(a) of the Fair Credit
3 Reporting Act (15 U.S.C. 1681s(a)) is amended in the sec-
4 ond sentence—

5 (1) by striking “Act and shall be subject to en-
6 forcement by the Federal Trade Commission under
7 section 5(b) thereof with respect to a consumer report-
8 ing agency or person subject to enforcement by the
9 Federal Trade Commission pursuant to this sub-
10 section, irrespective” and inserting “Act. All functions
11 and powers of the Federal Trade Commission under
12 the Federal Trade Commission Act shall be available
13 to the Federal Trade Commission to enforce compli-
14 ance with this title by any person subject to enforce-
15 ment by the Federal Trade Commission pursuant to
16 this subsection and not subject to enforcement pursu-
17 ant to section 8 of the Federal Deposit Insurance Act,
18 irrespective”; and

19 (2) by inserting before the period “, including
20 the power to enforce the provisions of this title in the
21 same manner as if the violation had been a violation
22 of any Federal Trade Commission trade regulation
23 rule”.

24 (b) *FEDERAL RESERVE BOARD INTERPRETIVE AU-*
25 *THORITY.*—Section 621 of the Fair Credit Reporting Act

1 *(15 U.S.C. 1681s), as amended by section 112, is amended*
 2 *by adding at the end the following new subsection:*

3 “(e) *INTERPRETIVE AUTHORITY.*—The Board of Gov-
 4 *ernors of the Federal Reserve System may issue an interpre-*
 5 *tation of any provision of this title as it may apply to any*
 6 *person identified in paragraph (1), (2), or (3) of subsection*
 7 *(b), and the holding companies and affiliates of such person,*
 8 *in consultation with the Federal agencies identified in*
 9 *paragraph (1), (2), or (3) of subsection (b).”.*

10 ***SEC. 114. ESTABLISHMENT OF TOLL-FREE TELEPHONE***
 11 ***NUMBER.***

12 *Not later than 1 year after the date of enactment of*
 13 *this Act, each consumer reporting agency that compiles and*
 14 *maintains consumer reports on a nationwide basis shall es-*
 15 *tablish, and thereafter maintain, a toll-free telephone num-*
 16 *ber for the purpose of making agency personnel accessible*
 17 *to consumers pursuant to section 609(c)(1)(B) of the Fair*
 18 *Credit Reporting Act.*

19 ***SEC. 115. ACTION BY FTC.***

20 *Not later than 270 days after the date of enactment*
 21 *of this Act, the Federal Trade Commission shall prescribe*
 22 *all matters required to be prescribed by the Federal Trade*
 23 *Commission under this title and the amendments made by*
 24 *this title.*

1 **SEC. 116. RELATION TO STATE LAWS.**

2 *Section 624 of the Fair Credit Reporting Act (15*
3 *U.S.C. 1681t) (as redesignated by section 111 of this Act)*
4 *is amended—*

5 *(1) by striking “This title” and inserting the fol-*
6 *lowing:*

7 *“(a) IN GENERAL.—This title”;*

8 *(2) by inserting “, and except as provided in*
9 *subsection (b)” before the period at the end; and*

10 *(3) by adding at the end the following new sub-*
11 *section:*

12 *“(b) EXCEPTIONS.—*

13 *“(1) STATE LAW.—No requirement or prohibi-*
14 *tion may be imposed under the laws of any State—*

15 *“(A) with respect to any subject matter reg-*
16 *ulated under—*

17 *“(i) section 604(d), relating to the*
18 *prescreening of consumer reports;*

19 *“(ii) section 611, relating to the time*
20 *by which a consumer reporting agency must*
21 *take any action, including the provision of*
22 *notification to a consumer or other person,*
23 *in any procedure related to the disputed ac-*
24 *curacy of information in a consumer’s file,*
25 *except that this clause does not affect the*
26 *applicability of any State law in effect on*

1 *the date of enactment of the Consumer Re-*
 2 *porting Reform Act of 1994;*

3 “(iii) *section 615(a), relating to the*
 4 *duties of a person who takes any adverse ac-*
 5 *tion with respect to a consumer on the basis*
 6 *of information contained in a consumer re-*
 7 *port; or*

8 “(iv) *section 615(d), relating to the du-*
 9 *ties of persons who use a consumer report of*
 10 *a consumer in connection with any credit*
 11 *or insurance transaction that is not initi-*
 12 *ated by the consumer and that consists of a*
 13 *firm offer of credit or insurance;*

14 “(B) *with respect to the exchange of infor-*
 15 *mation among persons affiliated by common*
 16 *ownership or common corporate control; or*

17 “(C) *with respect to the form and content of*
 18 *any disclosure required to be made under—*

19 “(i) *section 609(c); or*

20 “(ii) *section 622(b)(2).*

21 “(2) *DEFINITION OF ‘FIRM OFFER OF CREDIT’.—*
 22 *Notwithstanding the definition of the term ‘firm offer*
 23 *of credit’ (or any equivalent term) under the laws of*
 24 *any State, the definition of that term contained in*
 25 *section 603(l) shall be construed to apply in the en-*

1 *forcement and interpretation of the laws of any State*
 2 *governing consumer reports.*

3 “(3) *FTC MODIFICATION PERMITTED.*—*If it con-*
 4 *siders such action necessary for the protection of con-*
 5 *sumers, the Federal Trade Commission may, after*
 6 *consultation with each Federal agency referred to in*
 7 *section 621(b) and with appropriate State regulatory*
 8 *and law enforcement agencies, promulgate regulations*
 9 *in accordance with section 553 of title 5, United*
 10 *States Code, to impose requirements—*

11 “(A) *that are more stringent than those im-*
 12 *posed under—*

13 “(i) *section 611, relating to the time by*
 14 *which a consumer reporting agency must*
 15 *take any action, including the provision of*
 16 *notification to a consumer or other person,*
 17 *in any procedure related to the disputed ac-*
 18 *curacy of information in a consumer’s file;*

19 “(ii) *section 615(a), relating to the du-*
 20 *ties of a person who takes any adverse ac-*
 21 *tion with respect to a consumer on the basis*
 22 *of information contained in a consumer re-*
 23 *port; or*

24 “(iii) *section 615(d), relating to the*
 25 *duties of persons who use a consumer report*

1 *of a consumer in connection with any credit*
 2 *or insurance transaction that is not initi-*
 3 *ated by the consumer and that consists of a*
 4 *firm offer of credit or insurance; and*

5 *“(B) with respect to the form and content of*
 6 *any disclosure required to be made under—*

7 *“(i) section 609(c); or*

8 *“(ii) section 622(b)(2).”.*

9 **SEC. 117. FAIR DEBT COLLECTION PRACTICES.**

10 *Section 807(11) of the Fair Debt Collection Practices*
 11 *Act (15 U.S.C. 1692e(11)) is amended to read as follows:*

12 *“(11) Except as otherwise provided for commu-*
 13 *nications to acquire location information under sec-*
 14 *tion 804, the failure to disclose clearly in the initial*
 15 *written communication with a consumer in connec-*
 16 *tion with the collection of a debt or to obtain infor-*
 17 *mation about a consumer, that the debt collector is at-*
 18 *tempting to collect a debt and that any information*
 19 *obtained will be used for that purpose.”.*

20 **SEC. 118. EFFECTIVE DATES.**

21 *(a) IN GENERAL.—Except as provided in subsection*
 22 *(b), the amendments made by this title shall become effective*
 23 *1 year after the date of enactment of this Act.*

24 *(b) EXCEPTIONS.—Notwithstanding the provisions of*
 25 *subsection (a), the Federal Trade Commission may pre-*

1 *scribe regulations, as required by this title and the amend-*
 2 *ments made by this title.*

3 **TITLE II—CREDIT REPAIR**
 4 **ORGANIZATIONS**

5 **SEC. 201. REGULATION OF CREDIT REPAIR ORGANIZA-**
 6 **TIONS.**

7 *Title IV of the Consumer Credit Protection Act is*
 8 *amended to read as follows:*

9 **“TITLE IV—CREDIT REPAIR**
 10 **ORGANIZATIONS**

“Sec.

“401. Short title.

“402. Findings and purposes.

“403. Definitions.

“404. Prohibited practices by credit repair organizations.

“405. Disclosures.

“406. Credit repair organizations contracts.

“407. Right to cancel contract.

“408. Noncompliance with this title.

“409. Civil liability.

“410. Administrative enforcement.

11 **“SEC. 401. SHORT TITLE.**

12 *“This title may be cited as the ‘Credit Repair Organi-*
 13 *zations Act’.*

14 **“SEC. 402. FINDINGS AND PURPOSES.**

15 *“(a) FINDINGS.—The Congress finds that—*

16 *“(1) consumers have a vital interest in establish-*
 17 *ing and maintaining their creditworthiness and cred-*
 18 *it standing in order to obtain and use credit. As a*
 19 *result, consumers who have experienced credit prob-*
 20 *lems may seek assistance from credit repair organiza-*

1 *tions that offer to improve the credit standing of such*
2 *consumers; and*

3 *“(2) certain advertising and business practices of*
4 *some companies engaged in the business of credit re-*
5 *pair services have worked a financial hardship upon*
6 *consumers, particularly consumers who have limited*
7 *economic means and who are inexperienced in credit*
8 *matters.*

9 *“(b) PURPOSES.—The purposes of this title are—*

10 *“(1) to ensure that prospective buyers of the serv-*
11 *ices of credit repair organizations are provided with*
12 *the information necessary to make an informed deci-*
13 *sion regarding the purchase of such services; and*

14 *“(2) to protect the public from unfair or decep-*
15 *tive advertising and business practices by credit re-*
16 *pair organizations.*

17 **“SEC. 403. DEFINITIONS.**

18 *“For purposes of this title, the following definitions*
19 *shall apply:*

20 *“(1) CONSUMER.—The term ‘consumer’ means*
21 *an individual.*

22 *“(2) CONSUMER CREDIT TRANSACTION.—The*
23 *term ‘consumer credit transaction’ means any trans-*
24 *action in which credit is offered or extended to an in-*
25 *dividual for personal, family, or household purposes.*

1 “(3) *CREDIT REPAIR ORGANIZATION*.—The term
2 ‘credit repair organization’—

3 “(A) means a person who uses any instru-
4 mentality of interstate commerce or the mails to
5 sell, provide, or perform (or represent that such
6 person can or will sell, provide, or perform) any
7 service, in return for the payment of money or
8 other valuable consideration, for the express or
9 implied purpose of—

10 “(i) improving a consumer’s credit
11 record, credit history, or credit rating;

12 “(ii) removing adverse credit informa-
13 tion that is accurate and not obsolete from
14 the consumer’s record, history, or rating;

15 “(iii) altering the consumer’s identi-
16 fication to prevent the display of the con-
17 sumer’s credit record, history, or rating for
18 the purpose of concealing adverse credit in-
19 formation that is accurate and not obsolete;
20 or

21 “(iv) providing advice or assistance to
22 a consumer with regard to any activity or
23 service described in clause (i), (ii), or (iii);
24 and

25 “(B) does not include—

1 “(i) a nonprofit organization that is
 2 exempt from taxation under section
 3 501(c)(3) of the Internal Revenue Code of
 4 1986; or

5 “(ii) an attorney at law who is a
 6 member of the bar of the highest court of
 7 any State or otherwise licensed under the
 8 laws of any State, with respect to services
 9 rendered that are within the scope of regula-
 10 tions applicable to members of such bar or
 11 such licensees.

12 “(4) CREDIT.—The term ‘credit’ has the same
 13 meaning as in section 103 of the Truth in Lending
 14 Act.

15 **“SEC. 404. PROHIBITED PRACTICES BY CREDIT REPAIR OR-**
 16 **GANIZATIONS.**

17 “No credit repair organization, and no officer, em-
 18 ployee, agent, or other person participating in the conduct
 19 of the affairs of a credit repair organization, may—

20 “(1) charge or receive any money or other valu-
 21 able consideration for the performance of any service
 22 that the credit repair organization has agreed to per-
 23 form for a consumer before such service is fully per-
 24 formed;

1 “(2) make any statement, or counsel or advise a
2 consumer to make any statement, that is untrue or
3 misleading (or that, upon the exercise of reasonable
4 care, should be known by the credit repair organiza-
5 tion, officer, employee, agent, or other person to be
6 untrue or misleading) with respect to the consumer’s
7 credit history, credit rating, or credit standing to—

8 “(A) any consumer reporting agency (as de-
9 fined in section 603(f)); or

10 “(B) any person—

11 “(i) who has extended credit to the
12 consumer; or

13 “(ii) to whom the consumer has ap-
14 plied or is applying for an extension of
15 credit;

16 “(3) make any statement, or counsel or advise a
17 consumer to make any statement, the intended effect
18 of which is to alter the consumer’s identification to
19 prevent the display of the consumer’s credit record,
20 history, or rating for the purpose of concealing ad-
21 verse credit information that is accurate and not ob-
22 solete to—

23 “(A) any consumer reporting agency; or

24 “(B) any person—

1 “(i) who has extended credit to the
2 consumer; or

3 “(ii) to whom the consumer has ap-
4 plied or is applying for an extension of
5 credit;

6 “(4) make or use any untrue or misleading rep-
7 resentation of the services of the credit repair organi-
8 zation; or

9 “(5) engage, directly or indirectly, in any act,
10 practice, or course of business that constitutes or re-
11 sults in the commission of, or an attempt to commit,
12 a fraud or deception on a person in connection with
13 the offer or sale of the services of the credit repair or-
14 ganization.

15 **“SEC. 405. DISCLOSURES.**

16 “(a) *DISCLOSURE REQUIRED.*—Before any contract or
17 agreement between a consumer and a credit repair organi-
18 zation is executed, the credit repair organization shall pro-
19 vide the consumer with the following written statement:

20 **“‘Consumer Credit File Rights**
21 **Under State and Federal Law**

22 “‘You have a right to dispute inaccurate information
23 in your consumer report by contacting the credit bureau
24 directly. However, neither you nor any “credit repair” com-
25 pany or credit repair organization has the right to have

1 *accurate, current, and verifiable information removed from*
2 *your consumer report. The credit bureau must remove accu-*
3 *rate, negative information from your report only if it is*
4 *over 7 years old. Bankruptcy information can be reported*
5 *for 10 years.*

6 *“‘You have a right to obtain a copy of your consumer*
7 *report from a credit bureau. You have the right to receive*
8 *1 free copy of your credit report upon written request dur-*
9 *ing any 2-year period from any consumer reporting agency*
10 *operating on a nationwide basis. You are also entitled to*
11 *receive a free copy of your credit report if you have been*
12 *turned down for credit, employment, insurance, or a rental*
13 *dwelling because of information in your consumer report*
14 *during the preceding 60 days. Otherwise, you may be*
15 *charged a reasonable fee. The credit bureau must provide*
16 *someone to help you interpret the information in your cred-*
17 *it file.*

18 *“‘You have a right to sue a credit repair company*
19 *that violates the Credit Repair Organization Act. This law*
20 *prohibits deceptive practices by credit repair companies.*

21 *“‘You have the right to cancel your contract with any*
22 *credit repair organization for any reason not later than 3*
23 *business days from the date you signed it.*

1 *“Credit bureaus are required to follow reasonable pro-*
2 *cedures to ensure that creditors report information accu-*
3 *rately. However, mistakes may occur.*

4 *“You may, on your own, notify a credit bureau in*
5 *writing that you dispute the accuracy of information in*
6 *your credit file. The credit bureau must then reinvestigate*
7 *and modify or remove inaccurate information. The credit*
8 *bureau may not charge any fee for this service. Any perti-*
9 *nent information and copies of all documents you have con-*
10 *cerning an error should be given to the credit bureau.*

11 *“If reinvestigation does not resolve the dispute to your*
12 *satisfaction, you may send a brief statement to the credit*
13 *bureau, to be kept in your file, explaining why you think*
14 *the record is inaccurate. The credit bureau must include*
15 *your statement about disputed information with any report*
16 *it issues about you.*

17 *“The Federal Trade Commission regulates credit bu-*
18 *reaus and credit repair organizations. For more informa-*
19 *tion contact:*

20 *“Public Reference Branch*
21 *Federal Trade Commission*
22 *Washington, D.C. 20580.’*

23 *“(b) SEPARATE STATEMENT REQUIREMENT.—The*
24 *written statement required under this section shall be pro-*
25 *vided as a document that is separate from any written con-*

1 *tract or other agreement between the credit repair organiza-*
 2 *tion and the consumer or any other written material pro-*
 3 *vided to the consumer.*

4 *“(c) RETENTION OF COMPLIANCE RECORDS.—*

5 *“(1) IN GENERAL.—The credit repair organiza-*
 6 *tion shall maintain a copy of the statement signed by*
 7 *the consumer acknowledging receipt of the statement.*

8 *“(2) MAINTENANCE FOR 2 YEARS.—The copy of*
 9 *the consumer’s statement shall be maintained in the*
 10 *organization’s files for 2 years after the date on which*
 11 *the statement is provided to the consumer.*

12 **“SEC. 406. CREDIT REPAIR ORGANIZATIONS CONTRACTS.**

13 *“(a) WRITTEN CONTRACTS REQUIRED.—A credit re-*
 14 *pair organization may not provide services for a consumer*
 15 *unless a written and dated contract for the purchase of such*
 16 *services that meets the requirements of subsection (b) has*
 17 *been signed by the consumer.*

18 *“(b) TERMS AND CONDITIONS OF CONTRACT.—No con-*
 19 *tract referred to in subsection (a) meets the requirements*
 20 *of this subsection unless such contract includes the following*
 21 *information (in writing):*

22 *“(1) The terms and conditions of payment, in-*
 23 *cluding the total amount of all payments to be made*
 24 *by the consumer to the credit repair organization or*
 25 *to any other person.*

1 “(2) A full and detailed description of the serv-
 2 ices to be performed by the credit repair organization
 3 for the consumer, including—

4 “(A) all guarantees and all promises of full
 5 or partial refunds; and

6 “(B) an estimate of—

7 “(i) the date by which the performance
 8 of the services (to be performed by the credit
 9 repair organization or any other person)
 10 will be complete; or

11 “(ii) the length of the period necessary
 12 to perform such services.

13 “(3) The credit repair organization’s name and
 14 principal business address.

15 “(4) A conspicuous statement in boldface type,
 16 in immediate proximity to the space reserved for the
 17 consumer’s signature on the contract, which reads as
 18 follows: ‘You may cancel this contract without pen-
 19 alty or obligation at any time before midnight of the
 20 third business day after the date on which you signed
 21 the contract. See the attached notice of cancellation
 22 form for an explanation of this right.’

23 **“SEC. 407. RIGHT TO CANCEL CONTRACT.**

24 “(a) *IN GENERAL.*—A consumer may cancel any con-
 25 tract with a credit repair organization without penalty or

1 obligation by notifying the credit repair organization of the
 2 consumer's intention to do so at any time before midnight
 3 of the third business day which begins on the date on which
 4 the contract or agreement between the consumer and the
 5 credit repair organization is executed or would, but for this
 6 subsection, become enforceable against the parties.

7 “(b) CANCELLATION FORM AND OTHER INFORMA-
 8 TION.—Each contract shall be accompanied by a form, in
 9 duplicate, which has the heading ‘Notice of Cancellation’
 10 and contains in boldface type the following statement:

11 “‘You may cancel this contract, without any
 12 penalty or obligation, at any time before midnight of
 13 the third business day which begins after the date the
 14 contract is signed by you.

15 “‘If you cancel, any payment you made under
 16 this contract will be returned before the end of the 10-
 17 day period beginning on the date the seller receives
 18 your cancellation notice.

19 “‘To cancel this contract, mail or deliver a
 20 signed, dated copy of this cancellation notice, or any
 21 other written notice to [insert name of credit repair
 22 organization] at [insert address of credit repair orga-
 23 nization] before midnight on [insert date].

24 “‘I hereby cancel this transaction.

25 “ ‘_____ (purchaser's signature)

1 “ ‘ _____ (date) ’.

2 “(c) *CONSUMER COPY OF CONTRACT REQUIRED.*—A
3 consumer who enters into any contract with a credit repair
4 organization shall be given, by the organization—

5 “(1) a copy of the completed contract and the
6 disclosure statement required under section 405; and

7 “(2) a copy of any other document the credit re-
8 pair organization requires the consumer to sign,
9 at the time the contract or the other document is signed.

10 **“SEC. 408. NONCOMPLIANCE WITH THIS TITLE.**

11 “(a) *CONSUMER WAIVERS INVALID.*—Any waiver by
12 a consumer of any protection provided by or any right of
13 the consumer under this title—

14 “(1) shall be treated as void; and

15 “(2) may not be enforced by a Federal or State
16 court or any other person.

17 “(b) *ATTEMPT TO OBTAIN WAIVER.*—An attempt by
18 any credit repair organization to obtain a waiver from a
19 consumer of any protection provided by or any right of the
20 consumer under this title shall be treated as a violation of
21 this title.

22 “(c) *CONTRACTS NOT IN COMPLIANCE.*—A contract for
23 services that does not comply with the applicable provisions
24 of this title—

25 “(1) shall be treated as void; and

1 “(2) may not be enforced by a Federal or State
2 court or by any other person.

3 **“SEC. 409. CIVIL LIABILITY.**

4 “(a) *LIABILITY ESTABLISHED.*—A credit repair orga-
5 nization that fails to comply with any provision of this title
6 with respect to any person shall be liable to such person
7 in an amount equal to the sum of the amounts determined
8 under each of the following paragraphs:

9 “(1) *ACTUAL DAMAGES.*—The greater of—

10 “(A) the amount of any actual damage sus-
11 tained by such person as a result of such failure;
12 or

13 “(B) any amount paid by the person to the
14 credit repair organization.

15 “(2) *PUNITIVE DAMAGES.*—

16 “(A) *INDIVIDUAL ACTIONS.*—In the case of
17 an action by an individual, such additional
18 amounts as the court may allow.

19 “(B) *CLASS ACTIONS.*—In the case of a
20 class action, the sum of—

21 “(i) the aggregate of the amount that
22 the court may allow for each named plain-
23 tiff; and

24 “(ii) the aggregate of the amount that
25 the court may allow for each other class

1 *member, without regard to any minimum*
2 *individual recovery.*

3 “(3) *ATTORNEYS’ FEES.*—*In the case of a suc-*
4 *cessful action to enforce any liability under para-*
5 *graph (1) or (2), the costs of the action, together with*
6 *reasonable attorneys’ fees.*

7 “(b) *FACTORS TO BE CONSIDERED IN AWARDING PU-*
8 *NITIVE DAMAGES.*—*In determining the amount of any li-*
9 *ability of any credit repair organization under subsection*
10 *(a)(2), the court shall consider, among other relevant fac-*
11 *tors—*

12 “(1) *the frequency and persistence of noncompli-*
13 *ance by the credit repair organization;*

14 “(2) *the nature of the noncompliance;*

15 “(3) *the extent to which such noncompliance was*
16 *intentional; and*

17 “(4) *in the case of any class action, the number*
18 *of consumers adversely affected.*

19 “(c) *JURISDICTION.*—*An action under this section*
20 *may be brought in any United States district court, or in*
21 *any other court of competent jurisdiction, before the later*
22 *of—*

23 “(1) *the end of the 2-year period beginning on*
24 *the date of the occurrence of the violation involved; or*

1 “(2) in any case in which a credit repair orga-
 2 nization has materially and willfully misrepresented
 3 any information that—

4 “(A) the credit repair organization is re-
 5 quired, by any provision of this title, to disclose
 6 to a consumer; and

7 “(B) is material to the establishment of the
 8 credit repair organization’s liability to the
 9 consumer under this section,
 10 the end of the 2-year period beginning on the date of
 11 the discovery by the consumer of the misrepresenta-
 12 tion.

13 **“SEC. 410. ADMINISTRATIVE ENFORCEMENT.**

14 “(a) *IN GENERAL.*—Compliance with the requirements
 15 imposed under this title with respect to credit repair orga-
 16 nizations shall be enforced under the Federal Trade Com-
 17 mission Act by the Federal Trade Commission.

18 “(b) *VIOLATIONS OF THIS TITLE TREATED AS VIOLA-*
 19 *TIONS OF FEDERAL TRADE COMMISSION ACT.*—

20 “(1) *IN GENERAL.*—For the purpose of the exer-
 21 cise by the Federal Trade Commission of the Federal
 22 Trade Commission’s functions and powers under the
 23 Federal Trade Commission Act, any violation of any
 24 requirement or prohibition imposed under this title
 25 with respect to credit repair organizations shall con-

1 *stitute an unfair or deceptive act or practice in com-*
 2 *merce in violation of section 5(a) of the Federal Trade*
 3 *Commission Act.*

4 “(2) *ENFORCEMENT AUTHORITY UNDER OTHER*
 5 *LAW.—All functions and powers of the Federal Trade*
 6 *Commission under the Federal Trade Commission Act*
 7 *shall be available to the Federal Trade Commission to*
 8 *enforce compliance with this title by any person sub-*
 9 *ject to enforcement by the Federal Trade Commission*
 10 *pursuant to this subsection, including the power to*
 11 *enforce the provisions of this title in the same manner*
 12 *as if the violation had been a violation of any Federal*
 13 *Trade Commission trade regulation rule, without re-*
 14 *gard to whether the credit repair organization—*

15 “(A) *is engaged in commerce; or*

16 “(B) *meets any other jurisdictional tests in*
 17 *the Federal Trade Commission Act.*

18 “(c) *STATE ENFORCEMENT OF TITLE.—*

19 “(1) *IN GENERAL.—The attorney general of any*
 20 *State, or an official or agency designated under the*
 21 *law of any State, may enforce compliance with this*
 22 *title in Federal or State court.*

23 “(2) *CIVIL ENFORCEMENT ACTIONS.—A State*
 24 *may bring a civil action in any Federal or State*
 25 *court to enjoin any violation of this title and to re-*

1 *cover damages under this title for consumers who re-*
2 *side in such State.”.*

S 783 RS——2

S 783 RS——3

S 783 RS——4

S 783 RS——5

S 783 RS——6

S 783 RS——7

S 783 RS——8

S 783 RS——9

S 783 RS——10